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INTRABLOC

Soviet Editor, Author Interviewed on Perestroika, Nationalism

28000018 Zagreb DANAS in Serbo-Croatian
29 Sep 87 pp 37-40

[Interview with Vitaliy Alekseyevich Korotich, chief editor of OGONEK, by Josip Pavicic, in Moscow: "We Had No Other Way Out"; date not given]

[Text] Two Moscow weeklies have been among the most outspoken defenders of perestroika and glasnost in the Soviet Union: MOSKOVSKE NOVOSTI, edited by Ye.V. Yakovlev (1936), and the abundantly illustrated review OGONEK, headed by the writer Vitaliy Alekseyevich Korotich, the author of some 50 books (poetry, prose, journalism, and travel books), who at the moment is secretary of the administration of the USSR Writers Union.

V.A. Korotich came to the helm of OGONEK 1.5 years ago. At that time the magazine had a printing of 1.5 million copies. That is the same printing it has now, but the difference is that practically all are sold without returns (buying OGONEK in Moscow is an adventure in itself), and that without any additional effort it could now sell 2.5 million copies if there were enough of the right paper, which is mainly imported. Before Korotich's arrival, returns went as high as 300,000 copies per issue.

Korotich previously lived in Kiev. He was the editor of a magazine for foreign literature. Up until 1969 he worked as secretary of the Ukrainian Writers Union, and then he was thrown out of the administration. Why? we asked him. "Times changed."

OGONEK is an old newspaper. It was published even in tsarist Russia and had a markedly monarchistic orientation. It was abolished after the revolution and started up again in 1923. It was edited by the well-known journalist Mikhail Koltsov, who at the end of the thirties was shot, and after him it was managed by Y. Petrov, Y. Surkov, and A. Safronov.

We talked to Vitaliy Alekseyevich in his office on the fourth floor of the skyscraper of the Pravda Publishing House.

DANAS: Perestroika is noticeable even in the press, actually more in the press than in certain other areas of social life. It has been noted that there is a rapid increase in the press in the number of truthful facts from real life and a more critical approach to real problems. How does that look from the angle of your inside observation post?

Korotich: What you say is true, but the critical attitude toward real problems is only half of the job. We have always had a critical attitude toward reality. Now we

have been given the opportunity to speak about it out loud. But even when we did not write about it, we still had the same attitude toward these problems.

DANAS: Yet there is some difference?

Korotich: Yes, there is. Now we are not afraid, we can talk about many things. But we dare not drown in empty talk. You know, it is very important here to talk and to work, since if we only talk it will not bring us a better life. I think that we have become more open, but we also need good results. We know how to frame the diagnosis, but we do not know how to cure the patient.

DANAS: Which means that there still have been no results?

Korotich: No, there have not. I do not see them, what do we mean by results? By the result of perestroika....

DANAS: A first result is the larger printing of your newspaper.

Korotich: That is something else. A conversation about whether it is possible to speak more or perhaps not so much, about whether arrests are made because of jokes, whether one can say whom Stalin arrested...is not without interest. But by definition, strange as it is, that is the purpose in life of only a small group of people in the country. Most people want to have salami, to have shoes, to have cosmetics, an automobile, an apartment.... So, we can talk, but that would be beneficial only if we could build houses, make boots and sweaters with our tongues. Now aside from the fact that we have learned to speak, we need to begin to do something as well. And that is a lengthy process. Yet there are many people who are bothered by what we are saying. They do not want us to speak, and they say: that when we did not speak, we somehow got along, and there was an abundance, and now that we have begun to speak, what do we have? They say: it is fine for me here, but if people go on criticizing, then we will have some Chetniks, Ustashas, Denikinets, White Guards, and Soviet power will be destroyed, that will be the end. So, you can criticize, but I am warning you. You might even remove me, but if you remove me it is all over, Soviet power is going to ruin. Unfortunately, such arguments are sometimes effective. Many people think that if you say it is not raining, then there is no such thing as rain. That is the problem now, i.e., we are no longer afraid to speak the truth, but at the same time we have not learned to change things.

DANAS: Likhachev, member of the academy, said at the last USSR Writers Congress that the large-circulation newspapers, in order to preserve the historical memory, need to publish as much as possible of what they once published. How are the newspapers and magazines performing that task?

Korotich: You know something, it is now becoming clear who exterminated our writers. Those who are today fighting against their publication, those are the ones who yesterday ruined them. Those who destroyed Tvardovskiy are now asking why Tvardovskiy should be published. Those who destroyed Pasternak tell us that Pasternak is not necessary. The balance of power has remained the same as it was. My personal view is this: If a man has built a house and later does something wrong, the house should not be demolished. Up to now we have usually demolished the house. The house should be left and credited to our wealth. And we should know what its builder did.

I cannot demand that writers, especially dead ones, change their political views. If their political views are not reflected in their work, if their work does not agitate on behalf of the enemy, they should be printed. For example, Bunin. He never particularly liked communism, but he remained a great artist in his own culture. He should be printed. At this point we have published practically everything we had, and it has turned out to be an immense treasure. Now we feel better for having done this. As far as I am concerned, I will print and have been printing, and others are also doing it: NOVIY MIR, ZNAMYA, OKTYABR.... But there are also those, for example, the magazine MOLODAYA GVARDIYA, which are demanding that this printing not be done. The writer Proskurin has written that all this is necrophilia. It is shameful when a writer demands that another writer be banned. That is a monstrous phenomenon, it is sick. And if you add to this that the writer being banned is dead, a writer who is no longer with us, it is incomprehensible. How was such a writer created! Why? We are paying today for many sins.

DANAS: Your weekly has been carrying on polemics with proponents of such points of view from the group around the magazine MOLODAYA GVARDIYA.

Korotich: Yes, we have been and will go on debating. Democracy presupposes many differing points of view. It presupposes that one man think one way, another another way, one like this, another like that. MOLODAYA GVARDIYA has demanded that we stop publishing the forgotten legacy. They have accused us of Nabokovism. They were the ones who launched that word. I am sorry that this is happening. But perhaps it is also a good thing. A few years ago publishers like MOLODAYA GVARDIYA could do what they wanted and no one dared say anything to them. They took up firm defensive positions. But now they have been dealt a counterblow which they did not expect and have not been accustomed to, and now they have to be rescued. In an article in which they attacked us they showed their teeth many times. It also contained many references to such names as Tvardovskiy. In our answer we quoted fragments from an article by a former editor of MOLODAYA GVARDIYA in an old issue of OGONEK, from back in 1969, which said that Tvardovskiy should be killed.

We have been engaged in dispute and we will continue to be. These are not literary matters. This is a serious debate about the future of our society. Those who feel today that it was right to exterminate the writers, that the existence of several differing views cannot be allowed, they are not against writers, but against democracy. Our fight against them is a fight for democracy, for glasnost, and I am very glad that a defense is needed not for us, but for those who started the discussion. That is, the atmosphere in the country is changing.

DANAS: Skeptics ask what will be published "at the end of the gold reserves of what was not published, what was forgotten, what was rejected"?

Korotich: I perceive the publishing of those who were banned or prevented as a contribution to culture, but as more than that. This contributes to a change in life. You know what I am talking about: we are changing the climate. At one time there were dinosaurs, political and others, but also real dinosaurs. They did not disappear because they were eaten up by other dinosaurs, but because the climate changed. We are changing the climate, and our dead writers are helping in this. That is why the dead writers are not nearly creators of literary values. They are coming back to help us to fight for what they themselves fought for. As for what we will be publishing in the future, I do not believe that literature can rely only on its memory. New things also have to be published. But you know how it is with the publication of books. The books coming out now were written 2 or 3 years ago. That is publishing house policy.

DANAS: Your publishing houses assured us at the Moscow Fair that that period of time would be shortened.

Korotich: Let us hope so.

DANAS: It was said that that period of time would be shortened to 3 months.

Korotich: Three months, I am glad to hear it. That is already being achieved with some books, but when it comes to belles lettres I am not certain that that is the case. If it were, it would be splendid.

DANAS: So you do not feel that there will be a shortage of material for publication?

Korotich: Of course, the material will never dry up. The better atmosphere should favor it. Writers are already reacting. For example, Chingiz Aytmatov has brought in a new manuscript. Other writers are also turning up. People are writing. The moral situation is coming around.... You know what I am talking about. I am a physician by education. When I graduated at the end of the fifties, I worked for 6 years as a physician. I wrote my dissertation and washed my hands of everything. There are microbes referred to as anaerobic. These are microbes which cannot live in the air. There are also

anaerobic writers who can live when there is no oxygen. We are now publishing aerobic literature, the kind that can live when there is plenty of oxygen, otherwise not. So I think that now young people will write more. People of different generations will be writing. Publication of old works has already played its role. Their only remaining function is that of bearers of culture, but they have already performed their moral role.

We have seen that manuscripts do not burn. Manuscripts are indestructible, and there is nothing that anyone can do to change that. For example, in our next issue we will be publishing a fragment from Grosman's novel "Life and Destiny." This novel was banned in Stalin's time. The novel disappeared, it was not to be found anywhere, it vanished. But just imagine, when we decided to publish it, there it was. Now we are printing fragments. Bulgakov disappeared. Where are Bulgakov's manuscripts? There is no Mandelshtam. Mandelshtam's grave does not even exist. But all of a sudden they bring us Mandelshtam's manuscripts. Or Pasternak. How about Pasternak? And now his "Doctor Zhivago" will be published. Even the different versions will be published, since manuscripts have been preserved with all the details. This is a consoling fact, that is, everything is preserved even in the most difficult times. Everything has survived, those who were denouncing them all of a sudden realized that everything has been preserved, what they have said, their notes, their signature, all of it remains.

DANAS: How are readers reacting to the texts which you are publishing? Who are the people who write in?

Korotich: Often they are lonely people. They write everything under the sun. They even ask us, for example, why we say anything about Stalin, they would rather we didn't, they say it is not necessary.

DANAS: You have published one such letter.

Korotich: Yes, in this connection I asked our letters editor how many the editors had received? At the beginning of the week, the first 3 days, more than 600 arrived. Of those, 400 had to do with Stalin and the crimes that date from that time. People needed that. We have been publishing what people have still not been saying anywhere. They write about what pains them. They do not write about Stalin, but about what it was like to live that way: they would come at night and take a man away who will never return without a word of explanation. People write so that nothing like that will ever happen again. And in that sense we feel that we have been right. We are continuing in every issue, we are continuing to speak the truth.

DANAS: Is it possible to speak of a meeting soon between the official and unofficial culture in the sense that the former has been nurtured in sumptuously decorated and lighted auditoriums, and the other in a dark underground alley?

Korotich: You know, there are differences here. What was the official culture, say, in the time of Brezhnev? Certainly, it was ZNAMYA, PLAMYA, name [imya], udder [vimya]. What is the official culture in the time of Gorbachev? It is Pasternak, it is Akhmatova's "Requiem," it is everything that is of value. The government has to be on such a level that it does not fear the truth. Now it is on that level. If the official culture is what is being printed, then now there cannot be any unofficial culture.

There are people who come and say: They banned a book of mine back then in those years, and they bring bad books. There is no political boldness in them at all. They are simply bad. There is nothing in them. Many people try to publish books which were rejected in the sixties. There is no reason to print them in the eighties either, if they are bad books. I think we need to be precise. Every cultural phenomenon has its place in life. And we have been the witnesses of the liquidation of such an interesting cultural figure as Vysotsky. I knew him.

DANAS: I saw him at Tanganka.

Korotich: Yes, at Tanganka as well. He was good, and you see what is happening now, the fate he has had. His portraits are now being printed on kerchiefs and bags, on brooches, as though he were a cat to sit on your lap that everyone could pet. That has wrenched him out of context. Okudzhava once told me something truly interesting, that for a very long time he did not perform for his public. I need 200 young people who believe me, he said, but I have become a prestigious star. When I perform, the hall is filled with women representing the entire oblast leadership, fat old men, women wearing rings, and actually I am of no interest to them, nor did I come because of them. They do not listen to me with a sympathetic ear. So, those I came for, the poor students, cannot get into the hall because I am a star.

That is something else that is interesting. One winter when my wife and I went to a theater performance the people in the hall were beautifully dressed. Oh, how beautifully people dress now, my wife said. After all, only those against whom that play was written were able to buy tickets.

So, there is no boundary between the official and the unofficial culture, I have attended Rikhter's concerts where you only saw butchers, and they were not interested, but they were the only ones who earned enough to be able to buy tickets, while a student at the conservatory would never be able to get in there. There are times when the unofficial culture becomes the supreme culture, it is all mixed up. In short, we need more openness. If a man has written something, it must not happen that some individual himself prohibits it and no one else ever gets to see it. The work must be examined in a public way, with full openness, and if it cannot be published, we need to know exactly why.

DANAS: Chingiz Aytmatov thinks that a sense for the real and concrete has been lost in the USSR, that people do not notice "that the world has passed us in many areas." How and why did that happen?

Korotich: You know, it is easy to say: I am great, I am handsome. Self-praise and self-hypnosis are pleasant, and a man easily submits to them. In time he begins to believe that he really is great and handsome. And those who speak otherwise begin to get on his nerves. That self-hypnosis is a form of the decline of the level of our culture, of our thinking, and of everything. First of all, we need to really know our place. I think that this is happening now in relations with the socialist countries. Divisions into the older and younger brothers have disappeared, there is no longer any talk about who is large and who is small, you understand, and how each should be building socialism. As though those who are criticizing have the answers. That is gone. Everyone lives in his own way, and that is good and beneficial. So I think that realism is not needed only in literature, but also in thinking, in politics, in everything.

Patriotism and localism are sometimes confused in our country, and it seems to me this also happens in your Yugoslavia as well. It is one thing to write an average book and something else when Chingiz Aytmatov tries to reach the level of Marquez, Krleza, Andric, and Faulkner. He wants to be on that literary level. Yet try not to publish some average Macedonian or Ukrainian writer. They will shout at you and accuse you of destroying Macedonian and Ukrainian culture, of threatening ethnic development. Actually, it is provincialism: an attempt to raise their own illiteracy to the level of the interests of the nationality. A Chingiz has always wanted to attain the highest, to maintain the highest standards. He strives for the highest standards, and it is by them that he should be judged.

DANAS: Is it true that poor writers and bad people are swimming to the surface in the process of restructuring?

Korotich: Certainly, you and I are fighting for abstractions: for democracy, for justice, for openness to public scrutiny...and the people you speak of are fighting for their own piece of bread. They are fighting for very concrete things, and they fight much more fiercely than we do. I am fighting for there to be more justice, and he is fighting for his own privileges. And he does not back off from that. For instance, we have 10,500 members of our Writers Union. But there are not that many writers, perhaps 200-300. In addition, we have 10,000-20,000-30,000 members of the Journalists Union. And in general, everyone in our country is writing, and the prevailing spirit is one of leveling. I publish a book in a printing of 3.5 million copies, and I receive the same royalties as I would if it were published in an edition of 100,000. Someone's book is published in a printing of 15,000, and he again gets the same royalties. The same is given to everyone. The bookstores are full of books, but still there is nothing to read. I have already proposed several times

that publishing make the transition to cost accounting, that the author be given 10 percent of every book that sold. Marquez came and said the same thing, but the Writers Union, a majority in the union, were against. No, we do not want royalties in the form of a percentage. The present system is excellent for poor writers.

DANAS: Are you in general satisfied with the pace and depth of perestroika?

Korotich: In the economy we are still not doing what we could. But perestroika is only beginning. I would say that so far we have defined only the direction, and it is already clear who is for and who is against. It seems to me that we know how the struggle is going to go. I am very disturbed, concerned, since the struggle will be difficult, I could say that at once. A struggle is now being waged for the right to be an individual in the economy, in culture, and in science. But many people do not want to be individuals. I remember what L.I. Brezhnev used to say: We are Soviet people, we are Soviet Communists. And we all said: I consider..., I think.... Now Gorbachev does not say: We are Soviet people, but rather: In my opinion..., I consider.... And those who are against perestroika say: We are Russians, which again is "we." And it turns out that the struggle for democracy is always a struggle of the individual against the gray mass which wants to live well. It has been well-put by one of our humorists: We have a large pot, but it is only boiling in one place.

DANAS: "The main obstacle to perestroika is our own inertia," a young worker has said in the newspaper. What kind of inertia does this have to do with?

Korotich: In industry it is an inertia which is blocking economic laws. They are not producing what the market demands, for example, small cassette recorders, but what brings in more in terms of noneconomic calculations, for example, cassette recorders the size of a cupboard. There is also very strong inertia in behavior. We have been talking in the Central Committee about inertia in the behavior of editors. There are so many editors that you cannot get through the halls. The editor takes articles under his arm and pursues his own opinion. They told me not to come to the Central Committee, and I do not go. The man whom you quote said it well. In general, what can a worker talk about? They have told him, for example, that he must improve product quality. The money for improvements, 1,000 rubles, is in the hands of the manager. And he decides to use the 1,000 rubles to buy red cloth and to hang up a banner over the entire factory grounds reading "IMPROVE PRODUCT QUALITY."

DANAS: What do you think about the criticism of perestroika which asserts that it negates the pillars of official world literature (Gorky, Fadeyev, Sholokhov) and pushes a vanguard that is questionable from the esthetic and political standpoint. Some critics say that perestroika is only propaganda and not a serious effort

to really change anything. Some are reserved toward it, and others are enthusiastic. Wise men say: All that is fine, but let us see how it turns out.

Korotich: Well, I do not suppose that we are now going to invent a literature from which Gorky, Fadeyev, and Sholokhov would be omitted! When will we learn that we need everyone who has ever existed? For a long time we had a literature in which the former existed, but not the latter. And then we had a literature that contained the latter, but not the former. But all of them have always been in the literature: both Gorky and Mandelshtam, both Fadeyev and Pasternak, both Sholokhov and Platonov. At the same time, there have been writers that widely differed from one another. This should be the point of departure. This is a first premise. Perestroyka cannot come down now to putting in a different team, to banning some and permitting others. Let us hope that does not happen. There should be no banning. The wise men, as you have called them, represent the largest group. Many are sitting and waiting. In the issue before last we published some good lines of poetry by Rozhdestvenskiy to the effect that we have already looked three times and gone blind every time. We have shouted hurrah, we have looked, but the smart ones have sat and waited. And then, 5 years later, everything went back to the old way, and the smart ones said: What did we tell you? And then those out in front scatter somewhere, and they again come out on top.

Worst of all is the inert part of society which does not use ideas, but force. Unfortunately, such people have always existed. For example, when our country was tested in war, it turned out that in the name of Stalin they carefully arrested those who were the first to say that they served Hitler when he came. After all, they were not accustomed to serve an idea, but force. It seemed to them that the force had changed, and they set out to serve the new force. The worst ones are those who wait to see how it will end, so that they will be in time to join those celebrating the victory. That is the worst.

DANAS: Recently, there has been more discussion in your country about interethnic relations. Why? What has happened?

Korotich: Interethnic relations have always been complicated, but recently that has been more evident. The point is that there are real problems: for example, the problem of the language of the nationality, which is not taught everywhere as it should be.... And there are also false problems, which is why in some leadership bodies it is more convenient to say there is no meat in our republic because the Russians ate it or someone else than to honestly admit that they were incapable of organizing meat production in their republic.

The nationality should be developed, but certainly not at someone else's expense. In Kazakhstan at one time a textbook was published which said more or less that the Russians were industrious, the Ukrainians cheerful, the

Uzbekis the best cotton producers, and so on, while the inhabitants of Kazakhstan were endowed with all these characteristics. God save us from that kind of ethnic upbringing. National problems do exist, for example, in Kazakhstan or Kosovo. But here provocateurs have been involved. Someone is resolving the problems at the expense of the people. It is very simple to explain problems on the basis of ethnic disagreement. The society "Pamyat" (Memory) has just been taking liberties. At first they were acceptable. They were concerned about cultural monuments. But what is happening now? When something is wrong, it is said to have been done by the Jews. Instead of reflecting on what Stalin did, they write that the minister who worked for him was a Jew. It is simpler to explain that there is no salami in Serbia or the Ukraine because the Croats or the Russians ate it than to make the people responsible for production accountable and to prove with figures why there is no salami. Ethnic problems always break out in difficult times.

DANAS: How do you guarantee the full equality of nationalities?

Korotich: There must not be the older ones and the younger ones, they must all be equal, equally respected. I was in the Caucasus once. There are old nationalities there which have monuments 2,000 years old, but still in meetings they have to say "our older Russian brother." And one writer became angry and asked who is this older brother they are talking about, is it the one who should die first? People should not be provoked. Equality should be equality. The languages of the nationalities should be taught, and the newspapers must be in the national languages, and the theater and ethnic culture must be developed.

DANAS: Does bilingualism represent a way out?

Korotich: Yes, Yugoslavia has found its formula for resolving the nationality question. When I traveled through Yugoslavia they announced the trains in a different language in each republic. That is fine, but there still must be a language for understanding one another. I understand India, which in addition to all its languages is retaining English.

DANAS: Yes, but the question is which language will be chosen to be the one held in common.

Korotich: The people itself should decide. In the USSR, where books are published in 79 languages, it is clear that there has to be a language for communication. Which one? Esperanto? And the Russian language naturally imposed itself as the language for communication.

DANAS: Why do the Russians not do enough to study the languages of small nationalities?

Korotich: You know, I have been in Yakutia, in Chukotka....

DANAS: I am thinking of those Russians who live in non-Russian republics.

Korotich: That is bad. They have to learn.... But it is also bad when I travel and speak to someone in Russian, and they do not answer me because I do not ask the question in the native language. That is also schizophrenia. But if you live in that republic for 10 or 20 years, and in principle you refuse to learn the language, you ought to take the consequences. To live in a house and not to respect that house, that is not right at all. These are complicated matters, and they should not be settled by provocateur.

DANAS: A ballet ensemble from Latvia writes in a letter published in the newspaper TRUD that perestroika has not yet reached them. In general, how far has it gone?

Korotich: Perhaps it has not reached the ballet ensemble, but that is only half of the trouble. Let them dance the way they have been dancing. But when perestroika does not reach the factory.... You understand, we are an immense country occupying half of Europe and half of Asia. And somewhere way out there sits a local leader, the chief. Just try to budge him. He has been sitting in his official position for 25 years now. They have grown together. He knows how to manage. But just try to criticize him! Just try to move him over!

The problems the country faces are great. The resistance of the middle stratum is great; everything is stagnant there, relations are cemented, everything is known in advance, everyone has his own little tube from which he breathes oxygen, and he feels good. But now when they want to clean the air for everyone and call in the tubes, the leaders rebel. The greatest resistance comes from two spheres: from the middle stratum, from the rank of leaders who want nothing new, since they are living well, and second, the very bottom of society, those are the parasites. They know that medical treatment is free, that housing is essentially free. And they don't work. You earn only as much as you need, 100 rubles, and that will be enough for vodka, for vodka and with vodka. Schooling is also free. They do not want anything to be changed, for a higher price, say, to be charged for anything. They want to live in this country and to milk it. They are also against perestroika, since they do not want to work.

Parasites are a very important problem in socialism. While capitalist society roughly throws people out, we want everyone to live well, and we do not throw anyone out. Along comes a man with a red nose, an idler, he drinks everything he can get his hands on, eau de cologne and shampoo. And we tell him, come on, we will treat you, we will give you a job.... But he will never work.

DANAS: Aytmatov says that it is terrible to think "what would have happened to us if everything had remained as it was." What would have happened if everything remained as before?

Korotich: I think that there would have been a catastrophe, economic and political. If everything had remained as before, we would have been weak. We had begun to lag behind. We would have something to eat, for instance, but we would not have any weapons at all. And then tomorrow the American ships might tie up on our shores as they are now along the coast of Iran, and tell us what to do. And then we would arm ourselves well, there would be cannons sticking out from everywhere, but we would be stripped bare and we would be hungry. There is no way out, we must change our society. We have not had any way out. Those who are fighting against perestroika are actually fighting against socialism. Those who are fighting against democracy are fighting against the revolution. I think that the revolution is developing as it should today. We have to change the fact that the person who does nothing lives better than the person who works. If we achieve that, life will be fairer.

DANAS: Do you agree with the slogan: More Democracy, More Socialism?

Korotich: Of course, because less democracy leads socialism into a blind alley.

07045

POLAND

OPZZ Visit to North Korea

26000043g Warsaw TRYBUNA LUDU in Polish
17-18 Oct 87 p 8

["OPZZ Delegation to the Korean People's Democratic Republic"]

[Text] Pyongyang. At the invitation of the National Association of Trade Unions of Korea, an OPZZ [National Trade Union Alliance] delegation headed by Alfred Miodowicz is touring the Korean People's Democratic Republic. The OPZZ Chairman has met with the Association's Chairman Kim Bong Dzu. The delegation is holding talks on the activities of trade-union organizations in both countries and familiarizing itself with the course of reforms at the industrial plants of the Korean People's Democratic Republic.

1386

Glowczyk Visits Portuguese CP

26000043e Warsaw TRYBUNA LUDU in Polish
17-18 Oct 87 p 8

["Jan Glowczyk Pays Visit to Portugal"]

[Text] Lisbon. Currently visiting Portugal at the invitation of the Central Committee of the Portuguese CP, Politburo Member and PZPR Central Committee Secretary Jan Glowczyk held talks with Secretary General of the Portuguese CP Alvaro Cunhal and other members of

the leadership of that party. He also held a series of meetings with representatives of party organizations in Lisbon and in factories outside the capital.

Jan Glowczyk and Alvaro Cunhal spoke at a friendship rally in Amadora.

1386

French-Polish Youth Exchange Agreement
26000043b Warsaw TRYBUNA LUDU in Polish
20 Oct 87 p 6

[Article by Wlodzimierz Zralek: "Exchange of Youth with Poland"]

[Text] The following comments were provided to TRYBUNA LUDU by Minister for Youth Affairs Aleksander Kwasniewski and the French Secretary of State for Youth Affairs Christian Bergelin.

The last few days were a kind of "Polish Week." The political consultations between representatives of the ministries of foreign affairs of both countries and the work of the 10th Session of the Polish-French Intergovernmental Commission for Youth Affairs were accompanied by talks held in Paris by Minister for Youth Affairs Aleksander Kwasniewski.

"This is good convergence," declared Minister Kwasniewski to TRYBUNA LUDU, stressing that the improvements in the climate of Polish-French relations should also produce concrete results in such fields as person-to-person exchange, especially youth exchange.

Minister Kwasniewski also stated that Poland is an open country, citing figures showing that in the last few years hundreds of thousands of young people left Poland for other countries. "In recent years we have been conducting an organized exchange with France, though barely at the level of 400 persons annually, i.e., 200 persons from each side. This of course is very little. We do not consider even the quadruple increase in the level of this exchange postulated for the next year as meeting our expectations. Our aims are much more ambitious — mutual familiarity with life in both countries, the surmounting of the persisting stereotypes, and training that is of basic importance to professional and language skills."

And below are the views presented by the French Secretary of State for Youth Affairs Christian Bergelin:

"It is a fact that the current level of youth exchange is much lower than in 1980. During my visit to Poland a year ago and in the course of the talks currently held in Paris we decided to increase next year the level of the exchange to 1,500 persons. Such exchange not only promotes tourism but also should be of educational and cultural value. Next January a Polish-French working team will meet to discuss this problem. So far as language

training is concerned, this is within the purview of the Ministry of Education, but we intend to cooperate with that ministry in resolving this issue. As regards the Polish policy of 'opening' to youth exchange, I wish to emphasize that the course of my talks with Minister Kwasniewski provided concrete proof of that policy."

1386

Press, Personnel Changes, Media Developments
August 87

26000053a Warsaw PRASA POLSKA in Polish
No 10, Oct 87 pp 57-58

[Unattributed report: "Chronicle"]

[Excerpts] 4 August

Tadeusz Kurek was named chairman of the Council for Personnel Training of the Committee for Radio and Television. The task of the council is to analyze the needs of the committee in the area of improving the qualifications of various groups of workers; evaluating, and judging, and making recommendations on the directions and program of training and professional improvement, especially for the creative personnel; making recommendations on policy in publications for training and professional improvement; undertaking actions to make available stipends and professional training for creative workers in domestic and foreign institutions and organizations.

11 August

The daily PRAVDA asked the editors-in-chief of the party newspapers in many countries to answer the question: how do you evaluate the current transformation process in the USSR, which is closely bound up with broadening openness and further democratization of social life? Among the first text to be published was the comment by Jerzy Majka, the editor-in-chief of TRYBUNA LUDU.

25 August

In Sofia, a protocol on cooperation between the editors of TRYBUNA LUDU and RABOTNICHESKO DELO for 1987-88 was signed. It calls for enriching bilateral information and cooperation in implementing agreements made at meetings and talks of the leaders of Poland and Bulgaria. Jerzy Majka, editor-in-chief of TRYBUNA LUDU, and Radoslaw Radev, editor-in-chief of RABOTNICHESKO DELO, signed the protocol. Jerzy Majka was received by Jordan Jotov, member of the Politburo and secretary of the Central Committee of the Bulgarian Communist Party.

27 August

In Moscow a 3-day meeting of the editors-in-chief of the journals and publications promoting the activities of the state authorities and management in Bulgaria, Czechoslovakia, Cuba, DPRK, Mongolia, GDR, Poland, Rumania, Hungary, SRV, and the USSR ended. They discussed the most topical problems of the work of the particular publications. Ways of further cooperation were outlined, and a decision to organize more meetings of this type to be held in turn in each socialist country was made.

27 August

A special number of the weekly KULTURA in Russian, which was prepared for the International Book Fair in Moscow, has appeared.

28 August

Zenon Kurkowski was recalled from the position of director of the Interpress Press Agency office in Moscow.

31 August

Waldemar Kedaj was recalled from the position of TRYBUNA LUDU correspondent in Stockholm.

In August

The Central Committee of the CPSU adopted a resolution to further strengthen the material base and improve the working conditions of the Journalists' Union of the USSR. A Soviet journalists' fund was created under the union to which about 6 percent of the authors' fees paid by the newspapers, journals, publishers, TASS, and radio and television will be contributed.

Supplement

We give below additions to the information on personnel changes in the press made in July 1987.

16 July

Zbigniew Bozyczko was recalled from the position of director and editor-in-chief of the First Program of Polish Television.

17 July

Andrzej Turski, who was serving as the director and editor-in-chief of the First Program of Polish Radio, was named director and editor-in-chief of the First Program of Polish Television.

17 July

Marek Lipinski was named to the position of director and editor-in-chief of the First Program of Polish Radio.

25 July

Tomasz Piwowarun was named manager of the Interpress Press Agency office in Moscow.

13021

Party Ideological Training Criticisms, Apathy Noted

26000054e Kielce SLOWO LUDU in Polish
1 Oct 87 p 3

[Article by Boguslaw Morawski: "It is Too Little that an Audience Comes"]

[Text] Each autumn we ceremoniously inaugurate party training activities. We judge what we have done; we make new plans. It is an occasion for recognizing the best organizers of party training, lecturers, and teachers and also to recall that not everything is as it should be everywhere.

We will omit the statistics of party ideological work. Can they be calculated? We must, however, state that nearly one-third of all of the basic and department organizations in the Kielce and Radom Voivodships should ask themselves this question: Why have their members not met all their obligations in ideological training? These obligations were not overly demanding. They reduced to participating in only four training meetings during the year on topics selected from the resolutions of the 10th Congress. Hundreds of organizations held only one to three meetings.

What does party training produce? How does it help in understanding party ideology and policy? Does it serve to enlighten or are civic, social, and professional duties performed better as a result of training? All this escapes statistical reports. I have not heard that the executive committee of some basic party organization has recently conducted individual discussions on this subject or in some other manner surveyed what the comrades and unaffiliated think of the type of party work in their communities.

It not completely clear. Recently, I listened to the discussions of the Plant Education Committee in Kielce. Some of the experienced comrades spoke fairly irritably about training in the next few months. "Why talk to us about the subject of contradictions at our current level in the construction of socialism. We would like to hear more about education," they said. The economic activists want training on the second stage of the reform, the farmers on agriculture, teachers on education, scholars on research, cultural activists on culture. I am not sure whether these desires manifest a genuine understanding of the sense of ideological training. It is not identical with the obligation of improving one's professional qualifications. Ideological knowledge is to help

understanding the immediate and delayed consequences in one's daily work, in perceiving problems occurring outside the realm of one's school, plant, or institution.

In September at the meeting of the Ideological Commission of the Kielce Voivodship Committee, attention was drawn to the decisive passivity of the majority of the participants in political training. Political training, like every training, requires activity by both sides: the teachers and the students. The experience of daily life shows that one can speak only of the activity of the teachers and lecturers. The listeners are on the whole required to show up, sit to the end, listen some, perhaps discuss. Quite frequently the secretary suggests the lecturer speak briefly and in introducing him announces that he will talk 30 minutes. In recent years has anyone's candidacy been extended because he did not participate in training systematically? Have any members of plant management been called to account because they had not participated in ideological meetings because they were doing more important things during that time? And what about the implementation of the resolutions of the Secretariat of the Central Committee that require every political worker to conduct lectures at least once a month?

We frequently observe in practice a tendency to reduce party ideological activities only to training. This is a serious misunderstanding. Party ideological work has three basic levels. The first is theoretical work. The second consists of propaganda and information distribution work and interpretation. The third consists of forming worldviews and party members' and society's attitudes. On all these levels there is much to do. Much more than current instructions, outlines, and schedules say. The ideas and thoughts that pulsate in the party will determine its practice. Current practice can no longer suffice neither for today nor even more so for tomorrow.

13021

Socialist Youth Group Visits China

26000054b Warsaw TRYBUNA LUDU in Polish
21 Oct 87 p 6

[Brief: "Delegation of the Executive Board of the Union of Socialist Polish Youth in China"]

[Text] Beijing—On 13 to 20 October 1987 a delegation of the Union of Socialist Polish Youth visited China at the invitation of the Central Committee of the Chinese Communist Youth Union. Jerzy Szmajdzinski, the chairman of the Executive Board of the Union of Socialist Polish Youth, and Song Defu, first secretary of the Central Committee of the Chinese Communist Youth Union, discussed the form and content of the further development of cooperation between the two organizations and emphasized the significance of the contacts between the youth of Poland and the PRC for the building of socialism in both countries and for the struggle for maintaining world peace. They signed a program for cooperation between the Polish and Chinese

unions for 1988. J. Szmajdzinski invited First Secretary Song Defu to visit Poland. The Polish union's delegation was received by Li Yimang, a permanent member of the Central Committee of the Advisory Commission of the Central Committee of the Chinese Communist Party.

13021

Culture Minister Visits Kuwait

26000054a Warsaw TRYBUNA LUDU in Polish
21 Oct 87 p 6

[Brief: "Minister Krawczuk in Kuwait"]

[Text] Kuwait (PAP)—Aleksander Krawczuk, minister of culture and fine arts, who is in Kuwait on an official visit, was received by the Emir of Kuwait, Seik Dzhabira Al-Ahmada As-Sabaha and also by Saada Abd Allaha As-Salima As-Sabaha, the first successor to the throne and premier, by Sabaha Al-Ahmada As-Sabaha, deputy premier and minister of foreign affairs, by Abd Al-Aziza Ar-Rashida, chairman of the National Council for Culture, Fine Arts, and Literature. Issues of interest to both sides, with special attention for culture, were discussed.

13021

Defense Committee on Army Recruitment

26000054c Katowice TRYBUNA ROBOTNICZA
in Polish 1 Oct 87 p 2

["Katowice Voivodship Defense Committee Meeting"]

[Text] Yesterday the voivodship defense committee in Katowice evaluated the recruiting of young people for the professional army schools. The committee emphasized the high social prestige of officers of the Polish Army. It is a profession which gives young people a general education, and the quality of education and training at the military academies is high.

The committee also heard a report on the implementation of the patriotic training for society, especially for young people.

The organization of civil defense and public order and security was also judged.

Voivod Tadeusz Wnuk presided over the deliberations.

13021

Defense Committee on Civil Defense, Social Issues

26000054d Krakow GAZETA KRAKOWSKA in Polish
2 Oct 87 p 6

[“Voivodship Defense Committee Meets in Nowy Sacz”]

[Text] The Nowy Sacz defense committee held its meeting in Gorlice. This time it studied the performance of tasks in civil defense and in combating social pathology, and crime in the industrial plants of Gorlice. After a demonstration, Mieczyslaw Gniadek, supervisor of the city and Col Marian Bolaszewski, head of the Voivodship Inspectorate for Civil Defense made detailed presentations. Voivod Antoni Raczka presided over the meeting.

13021

ZSMP Focus on Rural, School-Age Youth

26000054f Katowice TRYBUNA ROBOTNICZA
in Polish 1 Oct 87 p 2

[Brief: “Rural and School Youth in the Center of Interest for the Union of Socialist Polish Youth”]

[Text] The Union of Socialist Polish Youth in the Katowice Voivodship inaugurated the next year of political training on Wednesday, 30 September 1987. The socio-political projects to which the organization will devote most of its work in preparing its personnel during this training year will be: the approaching election campaign to the national councils and the reporting and election campaign in the Union itself. Two important anniversaries are also approaching for which the organization will prepare its personnel and members. They are the 40th anniversary of the Union of Polish Youth and the 70th anniversary of Polish independence.

The Union in Katowice Voivodship will pay particular attention to rural and school youth.

During Wednesday's ceremonial inauguration of the Union's political-training year, which was held at the House of Culture of the Non-Ferrous Metals Plant in Szopienice, Prof Henryk Przybylski of the Economics Academy delivered the inaugural lecture on the “70 Years of the Great Socialist October Revolution: Traditions and Today.” Krzysztof Wojcik, deputy chairman of the voivodship board spoke on the main areas of ideological and political work in the Union. The outstanding lecturers of the union were awarded diplomas and book prizes.

13021

University Rectors' Breakdown, 'Averages' Reported

26000053c Warsaw PRZEGLAD TYGODNIOWY in Polish 8 Nov 87 p 14

[Report prepared by Maria Suprawowicz: “An Ermine Cloak”]

[Excerpts] At each university the students and workers constitute an academic society at whose heads stands its magnificence the Rector. Election of the university officials were held at all of the 90 civilian state universities (the non-state ones are the Academy of Social Sciences and the Lublin Catholic University). Earlier the university senates presented the candidates for rector to the appropriate ministers (under whose jurisdiction they fall), as art 41 par 2 of the binding law on higher education of 1982 requires.

These were the third elections. The first were held in 1981 after a break of several years; the next, in 1984. In 1981, the average rector was 50 years old; in 1984, 52 years old; in 1987, 52 years old. The oldest is 68; the youngest, 44. The rectors of the theological academies are the oldest; they average, 57. The rectors of the technical, agricultural, medical, and physical education institutions are somewhat younger, 56. The rectors of the pedagogical and economic institutions average 55 years of age, and those of the artistic schools, 54. The rectors of the maritime academies are the youngest, 45.5 years of age.

Only two of the rectors are women (as in 1981 and 1984).

Of the rectors, 76 are professors; 14 are docents.

Three of the newly elected rectors were members of the Central Council for Science and Higher Education from 1985 until their election in 1987.

Of the rectors, 59 belong to the PZPR; two, to the SD; one, to the ZSL; and 28, unaffiliated (in 1981 the figures were 20, PZPR; 62 unaffiliated—in 1984, 30 PZPR; 46 unaffiliated). All of the rectors of the pedagogical and agricultural schools belong to the PZPR.

Among the 90 rectors elected, 39 were already rectors at the time of their elections. Of them, 29 were elected in 1984 and served their entire term; 10 became rector in 1985 or 1986. As a result of the evaluation of university administrative personnel carried out in November 1985, the minister of science, higher education, and technology named five rectors. Of them, 4 were elected in 1987—at the Warsaw Polytechnic, the Poznan Polytechnic, the Adam Mickiewicz University in Poznan, and the Agricultural Academy in Krakow.

13021

Lax Safety Measures Noted in Increased Number of Fires

26000053b Warsaw TRYBUNA LUDU in Polish
21 Oct 87 p 2

[Article by Cezary Rudzinski: Hard to Believe 100 Fires a Day"]

[Text] It is hard to believe, but there are almost 100 fires a day in Poland.

People Die, Property Up in Smoke

During the course of the past 9 months, there have been 23,623 fires. They killed 223, including 32 children, and injured and burned 98. The immediate losses are estimated at 7.637 billion zloty, but they are actually much higher than the statistics indicate.

The top positions in fire statistics for years have belonged to private farms, in 1987 30 percent, and to residential buildings, slightly more than 20 percent of the total fires in Poland. The figures do not always reflect the actual situation. In 1987 there have been fewer fires, but the losses have been greater than last year.

There are 40,000 professional firemen organized in nearly 430 local fire units and 360 plant units, who stand ready to fight fires literally risking their lives; each year there are at least a few deaths among the fire fighters. There are also nearly 600,000 volunteer firemen in 22,000 volunteer fire brigades, which are particularly important in rural areas and villages.

Before It is Necessary to Put Out a Fire

Fire fighting, however, is the last resort. It is most important to prevent them. For example, last year firemen inspected more than 430,000 buildings and structures, finding more than 170,000 types of neglect and impropriety. Usually they involved electrical and heating installations, order and neatness, and problems with fire fighting equipment.

The inspections end with warnings, fines, recommendations to collegiums, and cases for prosecutors. In September alone 24,000 inspections yielded more than 6,300 criminal citations, more than 300 recommendations for misdemeanor collegiums, nearly 100 cases for prosecutors, and almost 800 fines.

If the threat to life and limb was particularly severe, the structures or equipment were condemned. In September there were 13 such cases, affecting the foreign enterprises Dax and Polkolorit in Piechowice-Pruszkow in the Jeleniagora Voivodship, the gas station of the state farm in Grodziec in the Katowice Voivodship, and the Miniature Theater in Krakow.

New threats are appearing from another direction. More and more management and workers' self-managements of some plants, seeking to reduce costs, are limiting the operations of plant professional fire fighters. This displays a lack of imagination.

One cannot cut costs here.

From Tuesday's PAP reports

On 20 October 1987 in Moscisk (Walbrzych Voivodship) two mobile housing units burned. Zdzislaw C. Przyczyn, 35 years of age, died in the blaze caused by a storage heater. Losses are estimated at 0.5 million zloty.

13021

YUGOSLAVIA

Ubiquity of Hostile Graffiti in Serbia Noted

28000026 Belgrade MLADOST in Serbo-Croatian
19 Oct 87 pp 14-15

[Article by Ljilja Jorgovanovic: "Crucify the Skipetars: Then What?"]

[Text] Now I am going to speak, the general said.

POLITIKA didn't—and really it didn't—record that General Major Milosav Djordjevic, republic secretary for national defense of SR Serbia, barely made it to the speaker's rostrum at the Eighth Meeting of the Serbian LC Central Committee. They had held back from calling him. The delegates and the wooden catapult had already withstood one other general, Nikola Ljubicic, who launched the idea "that a single resignation could bring about the necessary unity." The press, as it has habitually done for several years, quoted General Ljubicic generously. He, after all, is an old comrade who has gone through this party life and through life in general.

Gen Milosav Djordjevic, we saw, was not so lucky. His speech, interrupted by interruptions and intrusions, was not carried by live television to a public numbering in the millions, even though it followed immediately after the appeal of Dragisa Pavlovic, who was later "saddened." Gen Djordjevic, that is, respecting the agenda of the 2-day warfare against opportunism, spoke about Serbian nationalism and revanchism.

"I must make use of a fact that has not been mentioned here at all," Gen Djordjevic began. "which is that in this Belgrade, during the 1st half of this year, hardly a day has gone by without somewhere, in some building, on some wall, a hostile, anti-communist, and indeed even fascist slogan appearing. After the manner of 'long live the king, down with Tito, when our Draza appears we will crucify the Skipetars,' etc., etc.... Now I ask you, those slogans are being written by our children, and those children live in our environment and they are our biological products and products of our upbringing. That is why I think that

Comrade Dragisa Pavlovic was altogether right and altogether timely in initiating action in the fight against Serbian nationalism. And if we should behave in that manner, then we will be able to tell the comrades in Kosovo: And now you, too, pull out your sabers and enter the fray and deal with your own nationalism. That's enough, I listened without interrupting...."

Gen Milosav Djordjevic completed his lengthy speech and "thanked" the comrades for respecting his dignity. He was also paid respect by weekday POLITIKA, which mentioned him in a few sentences. We did not find in them a section about "crucifixion," and the information that new, anti-Kosovo, and nationalistic slogans are being written in Belgrade every day by our kids, and all of the things that are today referred to as Serbian revanchism. It was from a special edition of BORBA and by word of mouth from the newspapermen who attended this important party gathering that we learned that Gen Djordjevic said what he said.

Since the unity of the Serbian party leadership has been reestablished, and the dirty party linen has been bleached by getting rid of the "wine merchant from Belgrade," we feel that the content of the folk dance "Biljana" (the washing of dirty linen) should be soaked in Varikin. So, the question is whether graffiti with unacceptable messages are springing up in Belgrade?

Unsuitable Information

There was a time when MLADOST had its own problems with the department for erasing graffiti, otherwise known as the Belgrade City SUP [Secretariat for Internal Affairs]. Its advertising slogan "This Country Needs Mladost [young people]" was neatly erased from all walls, most likely on the suspicion that it was the product of incipient young revolutionary forces which would like to take power. The misunderstanding was quickly smoothed over in silence when the excuse was made that the security authorities were not required to remember absolutely everything that Josip Broz Tito had had to say about young people. Since the property damage resulting from removal of MLADOST's advertisement was never reimbursed, and since MLADOST and its staff members have been collaborating regularly and successfully with the Belgrade SUP, we felt it altogether the right thing to do to obtain a 6-month accounting from this institution and its "erasing department" a rundown on everything it had erased from the white walls of our capital city.

Our good intention was rejected at the outset by telephone on the basis that "nothing in particular could be achieved by publishing data of that kind." This was an answer to a letter of MLADOST which for reasons unexplained was not written, and if our address "has been duly registered," the security authorities can visit us whenever they like.

So at length we turned to Gen Maj Milosav Djordjevic, republic secretary for national defense and member of the Serbian LC Central Committee, who is the second to have presented the datum on the rise of Serbian nationalism in Serbia. In a pleasant meeting Gen Djordjevic kindly thanked us for the space we had given him, but he was not prepared to comment on his speech in the eighth meeting.

"I stick by my belief and by everything that I said there, but I respect the decision of the forum," Gen Djordjevic told us. With the remark that he would prefer if our meeting had not taken place, the general added "that no one has minimized our own nationalism (he is referring to Serbian nationalism—author's note), not even the forums of the party, but this is a matter that must be spoken about seriously." Finally, Gen Djordjevic said in concluding the meeting with us, "the intensified Serbian nationalism may be a consequence of Albanian nationalism, but that does not justify tolerance toward nationalism. There are many people who find the Albanian nationalism just to their liking...." We thanked the general. He does not like applause and congratulation on the street. Applause, as is well-known, has a way of turning into fists, and no one likes or wants that.

The Climb and Rhyme of Nationalism

MLADOST has brought back from its frequent visits to Kosovo analytical texts backed up by official data and explanations, but also journalistic accounts presenting the "spontaneous outbreaks" of the Albanian separatistic ethnos embodied in graffiti and nationalistic poems. The coverups of the Kosovo security agencies, those in Pristina and elsewhere, have always been condemned and criticized by the highest forums of the party as improper in solving the problems in Kosovo. "The little Serb is running through the field, and I after him to cut his throat" was a harsh portrayal of the state of affairs in some parts of the most troublesome Yugoslav province, but also a harsh reality. It is probably because of this harsh Kosovo reality that the provincial SUP reacted as mildly as it did to the incomplete and shabby report filed by POLITIKA's correspondent from the village Prekali, where a group of Serbs demonstrated with nationalistic slogans after the pattern of "from Draza to Rankovic." There are more and more such slogans in the Belgrade area and in Serbia, especially following the unfortunate events in Paracin:

"Everyone go out and kill a Skipetar."

"Long live Srdjan, hang Fadilj."

"Kill the Skipetars—that is what the punk rockers say."

"I hate a Skipetar."

The "slogan," Belgrade, for Shame, at the time when the Serbs from Kosovo came to the Assembly, has already been published. But there are also those which are not so confined to a "special purpose": "We will take revenge for Kosovo."

"Long live King Peter, Serbia, Draza, and God."

"Hold on, hold on, Chetniks, it will be a great fight."

"Death to the traitors who gave away Kosovo! The enemy will pay!"

"Rally round, Serbs!" (accompanied by four swastikas).

"Death to the Skipetars!" (accompanied by the letters SSSS).

"SSSS" (only the Serb celebrates the slava—author's note) [traditional meaning "concord is the Serb's only salvation"—translator's note].

"Serbian youth to Serbia."

"Death to the Croats!"

"Oh, General Sindjelic, long live Serbia, let the Croats go blow"

And finally the "thought in rhyme" already mentioned: "Crucify the Skipetars" [Sipce o klince]. We would not like to dwell long on the "imagination" that is written on the walls. "Hitler is the best man," "Pedagogy is dead, I am very glad," "Smash the state in a riot of mate," and more of the same. And anti-governmental graffiti like "Stalinistic state, wither away once and for all," or "Piss on communism, the government, and the police" we have become accustomed to put up with throughout the country.

The majority of these graffiti, almost all, have been erased from places that stand out in the city, but regular records are kept on them, including a description of the place, street, and building where they were written and then erased. These figures are in the hands of many institutions concerned about the security situation from committees for nationwide defense and social self-protection, to the Assembly of SR Serbia, and indeed all the way to the Presidium of the Serbian LC Central Committee.

We feel that in suppressing nationalism in our own environment we should be guided by the same openness that guides us in covering and describing the situation in Kosovo, and we will be doing everything to that end. The coverup of nationalism in Serbia is just as grave as the coverup of disunity in its party. The League of Communists has its rank and file, a vanguard which has not only its vanguard consciousness, but also vanguard obligations. It must alertly keep abreast of the disposition of the people and correct it in keeping with its progressive

consciousness with the forces from its own vanguard ranks. One of the upcoming meetings of the LCY Central Committee must be devoted to nationalism as an interaction of a problem "in and of itself" and of reactive states in the domain of consciousness. The strategy and tactics of the League of Communists are not military tactics. The guiding force dare not be the force that gives orders. Warnings about nationalism in our own environment have been coming from all sides. Let us not cover it up, but rather openly and in public, like at the Eighth Meeting of the Serbian LC Central Committee, make it easier for those who do it—and they truly will do it—until this situation is overcome.

07045

Tax Reform Proposals Analyzed

28000017a Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 26 Oct 87 pp 20-22

[Article by Tomislav Dumezic: "Declarative Progress"]

[Text] It is not really altogether certain that the proposed changes in the system of taxes and contributions and policy governing them as part of the Proposal for Lowering Inflation and Stabilizing the Economy represent a step forward from the present situation. There are several reasons to be hesitant: first, many proposals have not been spelled out (for example, what is the remainder of net income which is proposed as the tax base and how would it be taxed—progressively or proportionately); second, nothing is said about certain areas (for example, the way in which the federal budget would be financed); third, there is a great muddle about elementary concepts (unfamiliarity with the essence of the turnover tax and the added value tax, or, as it is called in the Proposal, the all-phase net turnover tax); fourth, it is not quite clear what the ambitions of the Federation are, especially concerning the taxation of individuals with respect to uniform establishment of the tax base, the tax scale, and tax exemptions.

The tax system and tax policy impart basic features to the entire economic system. The converse, however, is also true—only a particular tax system corresponds to a particular type of socioeconomic relations. This does not seem to be clear to the proponent of the program: on the one hand he is striving to augment accumulation by administrative measures (changing the proportion in social compacts on distribution of net income into consumption and accumulation on behalf of accumulation), which is in effect an admission that collectives do not have an interest in accumulation and development, and an admission as well of the proponent's own inability to alter that ratio by making changes in the socioeconomic system, while on the other hand he proposes taxation of that same accumulation.

In the capitalist economies profit can and should be the tax base, since it is the motivation behind business operation. Its taxation does not destroy that motivation.

But so that the tax would not act as a disincentive, taxation is usually proportional. By contrast with the taxation of corporations, personal income is taxed with a progressive scale, and in this way there is a certain redistribution of income so that social welfare goals can be fulfilled.

Under our conditions the profit of an economic organization cannot be the tax base, since profit is not the motivation behind business operation. Profit is usually the remainder of net income which cannot be siphoned off into the personal incomes of those employed and into social service consumption in the economic organization either because of legislation or certain other external reasons. It follows that the proposed taxation of profit is not such a bad solution if it is examined in isolation from the situation in the country, in isolation from the system and in isolation from the real interests and needs of society. And certain other solutions are better suited to another system. This applies to the free formation of the price of money. This solution (accompanied by occasional interventions of the central bank) could establish equilibrium between the money supply and the demand for money, it could speed up or slow down development, creation of new jobs, and the like, but in an environment in which one finds behind the money its specific owners. In our environment this solution could only increase the costs of interest on credits and speed up inflation.

What the FEC Is Proposing

The proposals contained in the Program of Measures are mainly consistent with the commitments contained in the Long-Range Economic Stabilization Program. Here again reduction of indirect taxes on behalf of direct taxes is being proposed. This generally accepted commitment has not been fulfilled, and the tax structure today is almost the same as it was some 10 years ago.

The present tax on the income of organizations of associated labor is not a good instrument, since the tax base is highly heterogeneous. It is being proposed for that reason that this tax be transformed into a tax on the remainder of net income. The remainder of net income can be interpreted in two ways: it can contain accumulation, reserves, a portion of resources for social service expenditure and resources for personal incomes on the basis of past labor, or it can contain only resources for accumulation and reserves. If the tax base is defined according to the first variant, then it is again highly heterogeneous; if it is defined according to the second variant, then it will act as a disincentive through and through.

Along with reduction of the share of indirect taxes in total budget revenues of all sociopolitical communities (this pertains mainly to the turnover tax), it is also being proposed that the present turnover tax on products and services be abolished and an all-phase net turnover tax or added value tax be introduced. The following arguments are presented in the Program for transforming the

present turnover tax into an added value tax: first, the added value tax has been introduced in almost all the European countries except the CEMA countries; second, the present turnover tax is causing adverse consequences with respect to social welfare and is speeding up inflation, since it is directly built into the retail price of products and services on which that tax has to be calculated and paid; third, because the added value tax is close to direct taxes; fourth, the added value tax is a good tax instrument from the standpoint of foreign trade, since it is returned to the exporter at the time of export, and when goods are being imported it is added to the purchase price, which also includes customs duty; fifth, the added value tax makes it possible to apply a flexible policy of taxation, since certain products can be taxed more severely (for example, alcoholic beverages, cigarettes, gasoline, and the like) while others can be completely exempted from the tax obligation (for example, equipment).

Significant changes have been proposed in the system and policy of taxation of individuals. Considerably more severe taxation of property, income from property, and changes in real estate is being proposed. Essentially the greatest change from the present situation is the proposed progressive taxation of total income of individuals or households (at the choice of the taxpayer). Progressive taxation of income beyond a fixed allowance is being proposed. Since progressive taxation of gross income above an allowance exists even today (the allowance is the average annual net personal income of persons employed in the socialized sector of the republic or province multiplied by a factor of three), the assumption is that the untaxed allowance would be reduced. The Proposal states that the gross income of the individual or household should include income from interest at a rate exceeding the rate of inflation, income from property, and all other income. Tax exemptions have also been envisaged. These are on funds invested to build houses and apartments, funds invested in small business, insurance premiums paid, bonds which have been purchased, and so on.

Since the share of taxes and contributions in income has in recent years been increasing mainly at the expense of the accumulation of the economy, it is proposed that enactments of the republics and provinces establish the maximum total share of taxes and contributions in income, which would be pursuant to proportions contained in coordinated development plans and resolutions to implement those plans.

Mistaken Ideas About the Added Value Tax

The proposal goes into the greatest detail in making the case for abandoning the present turnover tax and introducing the all-phase net turnover tax or added value tax. In spite of this lengthy brief, it must be said that there is

not a single reason that would justify the transition from the present system of taxation of sales of products and services (final consumption) to an interphase turnover tax.

It does not seem to be so that the added value tax is close to direct taxes. Just like the turnover tax, it is a classic indirect tax. It is indirect because it is built into the cost price (the added value tax) or into the retail price (turnover tax), which means that in both case the tax burden is not borne by the taxpayer, but is passed on to the customer. Accordingly, introduction of the added value tax would not reduce indirect taxes. They can be reduced only by lowering the rates or abolishing the turnover tax or the added value tax.

The argument that the added value tax offers certain optimum arrangements in foreign economic relations sounds attractive at first. Thus the final exporter is entitled to a tax refund amounting to the percentage of the added value tax that was applied, and this tax is automatically added to imported goods. According to the Program it turns out that the added value tax would eliminate the need for present export incentives. All of this argumentation is inadequate. It is true that the added value tax does perform those functions in the European countries. In our country, however, where the turnover tax is computed and paid in the last phase (final consumption), products which are exported are not even subject to this tax, so no tax refund is possible. If an added value tax were introduced, it would increase the price of products intended for export by precisely the percentage that represents the rate of the added value tax. The tax refund would lower the price to the level without that tax, which means that it would be exactly the same as it is today when the turnover tax is computed and paid. It follows that export incentives have no relation whatsoever to the added value tax, but that we are dealing only with the policy pertaining to the exchange rate of the dinar. A different exchange rate policy could be conducted even today when the turnover tax is in place. As for the taxation of imported goods, nothing is changed at all. Even today the turnover tax is added to the purchase price of imported products if those products are subject to the turnover tax.

Transformation of the turnover tax into an added value tax changes nothing with respect to the tax's characteristics concerning social welfare and inflation. The essential thing for the customer (final consumer) is how much a particular product costs, and he does not care at all whether the tax has been built up by three prior producers and then the merchant or whether the merchant himself has calculated in the entire amount. The same is true with the impact on inflation. Just like the turnover tax, the added value tax which is passed on to the customer is an integral part of the price, and any increase in the rate of the added value tax automatically results in a proportional rise of the final retail price.

The arguments in the Program to the effect that the added value tax makes it possible to apply an appropriate selective price policy are especially untenable. It says that the added value tax would make it possible to put a greater burden on certain (luxury) products, while some might even be entirely exempted (for example, staple foodstuffs, equipment, and the like). Selection of this type is in fact possible with the added value tax, but the possibilities for applying a selective policy are considerably more restricted than with the present turnover tax. Accordingly, this is not a favorable side, but a negative side of the added value tax as compared to the turnover tax.

Why does the added value tax exist in a majority of West European countries? Direct taxes are not as highly represented in those countries as in, say, the United States. This suits them in international trade, since in this way they augment the competitiveness of their own producers (the tax refund in the amount of the added value tax). Why did they not choose the turnover tax? Probably the reason is that because of the immense number of merchants, including even those very smallest ones, it is very difficult to see that the turnover tax is always collected and is always computed correctly.

Direct Taxes

Nor does one find in the Proposal any effective and efficient system for taxing economic organizations. The proposed taxation of the remainder of net income is a solution still worse than the present taxation of income. We have already said it: there is no development without accumulation, and accumulation is a residual category in our economic organizations that is mainly formed on the basis of the interest and free will of the collective, but by force of law. Taxing it achieves an effect opposite from the one intended.

The commitment to placing a higher tax burden on individuals is a significant step forward from the present situation. Here the essential thing is that this burden be distributed according to economic power, which also allows for taxation of property, but it primarily assumes progressive taxation of current income of the individual or household. Even today individuals bear the major portion of the tax burden, but that burden has often been distributed exactly contrary to the ability to pay taxes—we are referring to the turnover tax, which in terms of percentage represents a heavier burden on the income of the poorer strata of the population.

Considerably more severe taxation of property, income from property, and sales of real estate is being proposed. Is there justification for considerably more severe taxation of houses and apartments when exactly the opposite result is hoped for—maximum commitment of personal resources to solving the housing problem?

The most significant advance is certainly progressive taxation of the gross income of the individual or the gross income of the household. Although the Proposal does not contain an explicit commitment as to the untaxed allowance, the assumption is that a considerable reduction from the present level is to be proposed. Another good proposal is that gross income include real income from interest, from real estate as well as all other income of the individual or household. The question, however, is whether there is a need for detailed establishment of tax exemptions for the country as a whole, or should this be a matter of the needs and interests of individuals of sociopolitical communities at the lower level, which certainly differ quite a bit from one another.

Did the possibility exist for the Proposal to detour around the way in which the various sociopolitical communities, in particular the way in which the federal budget is financed? For example, if the tax on the remainder of net income is altogether or partially a revenue of the federal budget, then by far the largest tax burden would fall not only on the most successful economic organizations, but also on the most successful regions which have an efficiently organized economy. In this case the share in financing the Federation would be considerably greater for the most advanced regions than their share in the national income, while that share would be smaller for the underdeveloped. Perhaps it is best to retain the present solutions: the Federation has its own revenues (in whole or in part) such as customs duties and the basic turnover tax, while the remainder it receives from contributions of the republics and provinces which are in proportion to their share in the country's national income.

Possible Directions of the Tax Reform

There is no justification for turning the turnover tax into an added value tax. However, there is a need and justification for essentially reducing the present turnover tax. This applies both to the basic turnover tax and to the separate republic or provincial and opstina turnover taxes. It probably would be worthwhile to maximize in an agreement (if enactment of a basic law is not possible) the upper limit on the total rate of the special turnover tax.

When it comes to taxing economic organizations, then it is indispensable that this tax act to serve both distribution and development. The Proposal of the Federal Executive Council calls for a higher percentage of net income to be set aside for accumulation. This is an administrative solution and is inadvisable. Much more effective solutions are possible even under the present socioeconomic relations. For example: unrestricted establishment of the base rates of personal incomes on the basis of current labor in economic organizations consistent with their needs and capabilities within the limits of the spread between the minimum and maximum income established by agreement in the republic and province, omitting a right to institute increases

during the year, and with the full freedom of the collective to make appropriations to personal incomes on the basis of past labor according to the business results stated in periodic accounts and year-end statements. Nor under those conditions would it be difficult to find an appropriate tax base to which a progressive tax scale could be applied. That would be the portion of net income set aside to pay personal incomes on the basis of past labor. The rate of the progression would depend on the share of the total amount of personal incomes on the basis of past labor in the total amount of personal incomes on the basis of current labor, and the rate of the progression would be made dependent upon the rate of profitability achieved.

The tax on gross income should have the dominant role in taxation of individuals as well. All income should be treated the same regardless of source. This would do away with the differing forms of taxation of individuals we have at present. Tax exemptions could be differentiated and established according to the needs of the citizens of particular opstinas.

07045

Proposed Economic Reforms Criticized
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[Article by Neven Mates: "Ignorance or Fear"]

[Text] What is the Federal Executive Council proposing in the Program of Measures and Activities To Reduce Inflation and To Stabilize the Economy? We will dwell on those proposals which would lower inflation in the short run, and we will start with the tax system.

In this area the FEC proposes that several new taxes be introduced. One of them is the added value tax. The case is made that its introduction would bring greater results in the direction of the flow of exports because of that tax's mechanism (it is not computed at the time of exporting, but what has been computed in earlier phases is refunded). It is then emphasized that this tax does not have the immediate effect of a rise of retail prices, by contrast with the turnover tax. And finally, the argument is made that this tax exists in a majority of the European countries.

However, all the arguments referred to in favor of this tax are erroneous. That is, as far as stimulating export goes there is no difference whatsoever between this tax and the turnover tax. The turnover tax never arises in production. It is not paid at the time of export either, but is paid when a sale is made for domestic final consumption (with the exception of capital investment projects).

In the case of the added value tax the exporter would first pay the tax on purchased production supplies, but at the time of export he would become entitled to seek a refund of that tax from the government. Exports, then, are

exempted both from the turnover tax and from the added value tax, but we see that the added value tax ties up the working capital of the economy, while the turnover tax does not.

The fact that a rise of the added value tax is reflected in higher retail prices after a certain time lag is also a consequence of the fact that the economy is in the meantime financing it from its working capital.

This tax is used in the West European countries because in those countries, which have a widespread private trade sector, it is easier to monitor the collection of this tax. That is, the tax is computed in every phase, and the taxpayer only needs to prove that he used the products purchased for further production, not for final consumption. Only after he has proven that and when the tax has been billed to the customers of his products does he become entitled to a refund of the tax paid. In our country, however, where the trade sector is mostly socialized (and private trade is mainly involved with products on which this tax is not paid) and where transactions are monitored by the Social Accounting Service, there is no administrative need whatsoever to replace the much easier turnover tax with the added value tax, which also has the deficiency that it ties up the economy's working capital. It is also a mistake to believe that export incentives might be reduced because of the effects of this tax.

The FEC is also proposing introduction of a progressive tax on net income per worker (net income would be reduced by the first portion of personal incomes). It is said that a portion of accumulation would be exempted from taxation, but the text of the proposal is not precise on this point. That is, accumulation would be exempted in its entirety or only above a fixed share of net income. The document says nothing about whether this tax is to replace present taxes (and possibly contributions) charged to income, or whether they would all exist simultaneously.

We should emphasize in this connection that unless accumulation is exempted, this tax would put too much of a burden on resources for reproduction of capital-intensive sectors. If accumulation is exempted, the tax would be like the so-called surplus wage fund tax which we had somewhere back in the late fifties and early sixties. If the intention is to exempt only a portion of accumulation, then the only logical thing would be to exempt accumulation up to a certain percentage of the business fund. This would protect the basic reproductive capability of economic entities. That kind of solution would be more logical and might be applied uniformly to the entire economy. Exemption of only that portion of accumulation which exceeds some portion of net income, as is being proposed by the FEC, would require that those portions be set differently from branch to branch and sector to sector.

This tax, moreover, would require defining the size of the total amount of the first part of the personal income which is exempted from the base. That would require solving the problem of the influence of a differing skill and qualifications structure in certain organizations (or branches) and the question of the differing cost of living from one republic or province to another. Assuming provision for those elements and a reasonable rate of progression, this tax, in my judgment, may be acceptable, since it would allow for a more flexible policy of distribution. That is, it would ensure that organizations with higher personal incomes are contributing more to the community, which is acceptable. However, this tax would have to replace the present tax on income, since otherwise the entire structure of taxes would become too complicated and confused.

The third new tax being proposed by the FEC is the tax on total family income. Here deductions are envisaged for housing construction and special more favorable treatment of income from regular employment.

It should be said in connection with this proposal that many of the goals used to justify this tax could also be achieved with the present tax on gross personal income. Before a final position is taken, the FEC should first spell out this proposal in concrete terms.

The FEC is also advocating regulation of surplus income because of exceptionally good conditions on the market, but it has not defined in detail the mechanism that would apply to identification of that portion of income. This is without question the weak side of that proposal.

In the domain of government and social service expenditure the FEC is proposing a 7-percent reduction of all budgets and SIZ's in the 4th quarter, that being the amount by which the federal budget has fallen short of what was planned. It is not clear, however, how those funds would be reduced: whether 7 percent of revenues would be immobilized or the reduction would be applied to financial plans. When this measure is restated in operational terms, consideration must also be given to the effects of the New Law on Gross Income on the collection of taxes and contributions, which are still not clear.

A real 5-percent reduction of all sources for government and social service expenditure is envisaged for 1988. The mechanisms for achievement of that goal have not been spelled out. However, reassessment of the network of institutions, reduction of rights, reduction of the number of persons employed in staff services, and so on, are being proposed.

It is said in this context that the FEC will propose changes in the Social Plan for the Period 1986-1990 and that portion where the rates of fixed appropriations from the social product are set and revision of all other

obligations of the federal budget, and will propose that they be reduced. This is a very important position, and it could reduce the federal budget.

In my judgment, however, an actual reduction of these rates is not necessary, but rather the base to which they are applied should be revised. That is, in social accounts used as the basis for determining the rights of beneficiaries established in the medium-term plan in the context of high inflation in the social product, that item which is exclusively the consequence of inflation is cropping up more and more. On the side of the use of the social product that item takes the form of investments in inventories, which actually amounts to nominal growth of inventories. In recent years that item has exceeded all of 20 percent of the social product. It is clear, however, that this is only a defect of the customary methodology for calculating the social product in the context of high inflation and that those resources are not available for actual expenditure. The rights of individual beneficiaries, which are defined in a fixed percentage, are applied, however, to a value which includes this nominal growth of inventories. This gives rise to the paradox that in the context of growing inflation this fixed percentage applied to a base that has been swollen by inflation in that way can yield an ever larger share of the actually available social product. Thus instead of revision of the rates themselves, we should correct the base to which they are applied. I hold that this can only be the social product from which the component of the nominal growth of inventories has been eliminated.

In the context of limitation of government and social service expenditure it is also envisaged that deposits would be introduced in a percentage of the value of all noneconomic and nonproduction investments and the intervention law would be further applied to the restriction of those investments.

In the field of the accounting system significant changes are foreseen in the direction of completing the system of revaluation. Thus, for example, old loans would be exempted from revaluation of assets of the lenders if the old credits are included in the revaluation of borrowers. Second, positive exchange rate differences on short-term claims involved in export transactions would be omitted from gross income and included in revaluation income.

These changes will bring about significant changes in the position of a large number of organizations. It is significant that they are being undertaken before any very careful analysis has been made of the effects of applying the accounting system in its present form. Its application in the first 6 months shows that costs figured with it are smaller than they were in the old system, and it actually has been the unrealistic indication of costs that was the main argument for introducing it. That is why some organizations have lower costs indicated than their costs actually were. I think that any objective analysis would show that the new accounting system has taken us up a blind alley.

Aside from the measures enumerated above, which round out the concept of revaluation, certain exceptions are also being proposed. Thus revaluation would be specifically adapted to producers with a lengthy production cycle. Social service activities, it seems, would be exempted from revaluation of buildings and depreciation as well. But nothing is said about what would happen if this led them into problems with control revaluation, nor is it clear how interest rates below the rate of inflation would be treated in their case.

With respect to distribution, in addition to the progressive tax on net income per worker which has already been mentioned, another two measures are being introduced which are not altogether clear. Under the first there would be a one-time linear increase of accumulation. This would be done through amendments to the agreement on distribution, but it is not stated exactly how.

The second correction would consist of setting the maximum growth rate of the first part of personal income per employee over a particular time period. The idea is obviously that the first part of personal incomes would be limited in this way, and the second part could grow only if results in terms of income are achieved and if the progressive tax on net income is paid. But we need to point out that the tax on net income requires establishing the total amount of the first part, and here it is envisaged that the growth rate of the first part of personal incomes is being fixed. These two things obviously have not been reconciled, nor is it evident from the document whether the idea is to apply those measures simultaneously or whether in time one would replace the other. Aside from that we need to be aware that a longer time is required for introduction of a new tax.

The FEC is proposing very restrictive measures with respect to the use of promissory notes. Promissory notes can in future be discounted only by the banks, and gross income can include only promissory notes which have been discounted.

The proposal that only discounted promissory notes may be included in gross income probably originates from the belief that only "safe money" should be included in gross income. But in this respect there is no difference between a discounted note and one that has not been discounted. That is, if the issuer of the note and its endorser lack resources on the date of maturity, the bank which has discounted the note is entitled to collect from the organization from which it discounted the note. In that sense a discounted note is not "safe money," and the entire difference is altogether illogical.

The proposal that promissory notes may be discounted only by banks would eliminate the short-term nonbanking market for financial resources, and should not therefore be adopted.

The very displacement of promissory notes from the business of the economy and their replacement by larger bank credits would ultimately have certain very adverse consequences which the proponent, it seems, is not aware of. That is, the economy has been using promissory notes as a substitute for a certain amount of money. Thus the necessary amount of money which the economy is holding in its account might be smaller. After all, the economy is aware that this money is subject to inflationary taxation and is inflicting on it sizable costs in the form of interest on credits from which it is financing its money funds. In the present situation noneconomic sectors are subject to that inflationary taxation to a greater degree (individuals, social service activities, etc.) in that they are unable to use promissory notes as a substitute for money resources. At the point when we prevent the economy from using promissory notes, it will have to make greater use of credits to maintain a larger amount of money in its accounts. Thus the inflationary taxation, which, as we have said, now falls to a greater degree on other, more liquid sectors, will be passed over to the economy. Although I am personally in favor of the economy paying real rates of interest on the credits it uses, I think it should not be driven to use a larger quantity of money and in this way create a higher cost in the form of interest.

All of these measures related to promissory notes are entirely and directly related to the Agrokomerc scandal. The obvious slips of the inspectorates, above all the Social Accounting Service and the National Bank of Bosnia-Herzegovina, and the strange policy whereby limits were set on the banks' credit activity, while at the same time evasion of those limits was tolerated if promissory notes were purchased and transferred to the Money Market, nevertheless should not boil down to eliminating this normal financial instrument.

As for monetary policy, a milder restrictiveness is announced. The document of the FEC, however, does not spell out what that moderation would signify. If is disturbing that a comparison of the nominal social product and the money supply is taken here as the principal criterion. Since the growth of the nominal social product is determined above all by the rate of inflation, such a comparison actually comes down to establishing the growth rate of the real quantity of money.

In other words, the same method of deflation is being applied to the quantity of money as to all the other nominal quantities.

However, this approach is erroneous in the case of money. That is, every citizen knows that in the context of high inflation he does not want to keep the same number of monthly paychecks in his savings account as he would in the context of a low rate of inflation. Whereas at a low rate of inflation the loss on the money held in this way is small and is offset by the numerous advantages of greater liquidity, under the conditions of high inflation that loss

becomes very large. Everyone has learned already that when they get money, everything beyond necessary needs during the month should be spent as soon as possible. In other words, the principal characteristic of inflation is that all economic entities reduce the real quantity of money, that is, that it grows more slowly than inflation. In the high and hyperinflationary situations there have been cases when the entire domestic money supply had no greater value than some \$10,000.

Our monetary policy, however, fully foresees that fact and looks at a mild reduction of the real quantity of money as the principal criterion of restrictiveness. The FEC's advocacy of a still milder degree of restrictiveness in such a situation will hardly be anti-inflationary.

At the same time, elimination of lower rates of interest on credits from primary note issue for selective purposes is envisaged for 1988. But it is not clear whether this would apply from the beginning of the year or it would be accomplished during the year. The FEC says that funds will be furnished at the same time to subsidize interest on credits for agriculture and exports. But the sources for those purposes were not specified.

However unpopular it might be to do away with the differentiated rates of interest on primary note issue, that measure is necessary in my judgment. That is, without it it is not possible to put order in the creation of primary money. The application of lower rates of interest to those credits than the rate of revaluation has in particular become an anachronism in the new accounting system.

The FEC, however, is also envisaging deregulation of the interest rates which banks pay. They would no longer be determined by self-management accord among the banks or by the measures of economic policy, but would be set according to supply and demand.

Now, the limits on bank lendings would not be immediately abolished, but merely "conditions would be created" for abolishing them at some later date. This combination of measures could yield rather strange results, especially if the differentiated rates on primary note issue are abolished (for example, because the funds have not been furnished for subsidies). On the one hand, given the present policy of the legal reserve, we might expect a rise of interest rates on sight deposits and a drop in interest rates on time deposits. Such trends could cause numerous problems from the monetary standpoint. If interest rates which the banks pay should fall below the revaluation rate, this could put in a strange situation those organizations which have liquid resources but do not want to invest them immediately in inventories or fixed capital. Such organizations would be subject to a scissors between the revaluation obligation and the lower rates of interest in the banks. Under such conditions they would be forced to invest whether this was the optimum thing to do or not. This reduction of interest rates paid by the banks, which certainly would have negative effects

on savings, would not tend to reduce the interest rates banks charge, since they have to be higher than the revaluation rate of interest. This would increase the profit of the banks from note issue, while at the same time discouraging dinar saving. It is interesting at the same time that a rise in the rate of interest on foreign exchange savings is envisaged.

The document of the FEC envisages that the budget would be financed from bonds, which in my judgment is not acceptable in a country that has this kind of shortage of capital.

Aside from establishing what are referred to as socially recognized needs in reproduction, the FEC proposes introducing records as well as to the inflow of foreign exchange achieved, and this would be the basis for acquiring a still greater degree of priority when it comes to paying for imports. I personally doubt that exporters will have any particular benefit from this additional complication in the foreign exchange system. That is, exporters have already had a high rank of priority and yet this has not guaranteed them security with respect to payment.

That is, the basic characteristic of the new foreign exchange system, though its designers perhaps were not aware of it, is that the exchange rate (with the subsidies) is practically the only instrument for stimulating exports.

It should be noted in this connection that the document advocates a more vigorous exchange rate policy. At the same time, as I have already remarked, the document proposes reduction of export incentives, mistakenly anticipating that this would be offset by the effects of the newly proposed added value tax.

The FEC is proposing that foreign exchange savings be transferred to commercial banks, but the actual use of foreign exchange would continue to be included in what is called the foreign exchange position of the bank or would be sold on the foreign exchange market. This solution is not sensible and will hardly be functional. Under those conditions the banks would not be motivated to attract foreign exchange savings, since dinar savings would still be less expensive for them. At the same time, the document proposes, we repeat, a rise in rates of interest on foreign exchange savings.

Finally, it is envisaged that when dinar rates of interest do not cover differences in exchange rates, the banks could charge entities whose orders are paid from foreign exchange savings the remaining amount. [Translator's guess as to meaning of garbled sentence.] This proposal is altogether nonsensical. First of all, it would require different treatment of entities whose orders are paid from foreign exchange savings than those whose orders are paid from other foreign exchange. Then those entities would have to pay dinars at the time their orders are paid, but in the years that followed they might be sent

additional bills. The spirit of pragmatism and the desire to undertake even very radical measures to get out of the present situation is evident in the document.

The portion of the document which pertains to longer-term measures and changes in the system is in my judgment better than the portion that is supposed to operate to slow down inflation in the short run. However, the measures proposed have not been rounded out to form a consistent whole, nor have they been spelled out and clarified. Taking them, at least in the form which can now be examined, will not help to halt an ever greater growth of inflation in the short run. The general pragmatism and certain proposals for the system deserve support, but the document as a whole is in need of considerable refinement and additional work if it is to be of use for economic policy next year.

This also needs to be said: no inflation can be reduced without increasing the efficiency of the economy. And this cannot happen without unpleasant measures of economic coercion. But at the same time there must be an increase in the freedom of independent decisionmaking by self-managed economic entities. For the present, it seems, we still cannot anticipate the indispensable changes in this area.

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Rozic Interviewed on Anti-Inflation Program

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27 Oct 87 pp 17-19*

[Interview with Marjan Rozic, president of the SFRY Assembly, by Mirko Galic and Djuro Zagorac: "Program for Unity"; date and place not given]

[Text] DANAS: At the moment Yugoslavia's main political crossroads is in the Assembly, since it is deciding about the economic program for the country's development and about changes in the political system. To what extent, Comrade Rozic, is the Assembly ready to take on that burden of responsibility for Yugoslavia's future?

Rozic: I agree with you that the country's future is in question. We are in a deep and comprehensive crisis, and views about ways of getting out of the crisis have so far differed. We have now come to the point where we must rally behind a program which will really change the situation, since we cannot go further into the crisis. There is no room left for that. I think that our most important institutions and leadership groups are agreed that we must all, every one according to his authority and responsibility, act more resolutely against the manifestations and causes of crisis. It is disturbing that that consensus is not passing over into action and decisions. Yet that is exactly what we need now. The Assembly has particular obligations and particular responsibility in this regard, and the conditions are very difficult and complicated. I would say that the delegates are in a bind: the situation demands rapid, effective, true, and sound

responses, but the opportunities for the delegates to make real decisions are limited. Under those conditions the Assembly is not backing off from the demand that a decision be made in it, but rather it is willing to strengthen it, it does not want to be just a waiting room for ready-made decisions, but is seeking and displaying a vigorous role in determining the country's lines of development. It cannot be otherwise. Do not forget, the Assembly called upon the FEC at the end of July to draft the anti-inflation program. So, this vigorous role is already evident in action. I am convinced that it will also be confirmed in the debate of the program. There is not enough time to seek ideal solutions for everything, but even though the time is short, we cannot agree either to hasty moves, to administrative (instead of economic) solutions, to solutions which would contain more centralism and less personal motivation and democracy, more regulation of relations and less self-management and the market. The Assembly has no other criterion to use in evaluation but that the program be in line with the course of stabilization policy. The Long-Range Program... is the main compromise for verifying whether this program of the government is on the right road.

DANAS: On what do you base your expectations that the delegates will not conduct a merely formal debate and will not just provide a cover for decisions that have already been made in policy-making bodies?

Rozic: The situation in society is too serious for anyone to have the right to pass the buck to someone else. There have been examples where there was nothing for the delegates to do but just to "say amen" to what had been prepared. In this case the initiative came from the Assembly, and great responsibility has been passed to the Assembly to critically evaluate the anti-inflation program, adopt it, supplement it, or correct it.

DANAS: The anti-inflation program will not bear the same official stamp as certain previous documents, that might have prevented the Assembly from amending, refining, or criticizing it.

Rozic: There have been some objections and criticism as to why the FEC went to the Assembly directly with the program. Well, the Assembly in fact "commissioned" this program. The posture of the two presidencies makes it possible for the delegates to adopt a critical and creative posture. This increases responsibility for the ultimate fate of this program, at least as far as the Assembly is concerned. It is not enough to say: this and that are no good. We have to say what is good and what is not good, what we want and what we do not want because of the country's grave situation. The delegates have a great occasion to really make a decision, but it is limited by the fact that there is very little time. It is a pity.

DANAS: Once it is adopted, will the anti-inflation program be the program of the FEC, the program of the Assembly, not in a formal sense, but in the real sense, on the basis of accountability?

Rozic: In the real sense the best would be still another choice—that it be the program of Yugoslavia, of Yugoslav society. We might even have an ideal program that would be backed by the FEC, that would be backed by the Assembly, but if the entire country does not feel it to be its own, if it does not make a united and responsible effort on the basis of it, there would be no great benefit from it. And that kind of Yugoslav approach to the stabilization program has not yet been affirmed, it still has not been sufficiently conceptualized, and I am afraid that without that we will not manage to mobilize the creative potential in the country, our associated labor, our science, our republics and provinces. Certainly no one can replace the FEC in this program, no one can replace the Assembly, but neither can the FEC nor the Assembly replace associated labor, science.... The anti-inflation program cannot be just a fine vision. It must grow to become a criterion of everyday behavior if we want to get out of this situation of profound and grave crisis.

DANAS: You speak of the need for a program of Yugoslav society. Why do we lack one? Because of relations or because of incompetence?

Rozic: For both reasons, I think. We really need a program of Yugoslav society, a program for the 21st century; now is an occasion to get it, starting with what we have in society. The Assembly will work on this, it will pledge all its authority and potential. But not by imposing this program on anyone, but by taking part in the effort based on it, together with the other institutions of society. The program itself should come up from below, except that no one should look only at what suits him; that would be a new way of continuing and deepening the crisis. I think we have come to a dangerous brink where we can no longer do things in the old way, where we dare not play games. When we speak about unity today, we cannot seek unity around a weak program. That kind of unity would be the same as disunity.

DANAS: How open is the FEC to differing ideas and proposals? Are there any rumors to the effect that the government would bind its own fate to adoption of a program proposed in this way and would conceive nonacceptance of the program as a lack of confidence?

Rozic: It is best to start with what the chairman of the FEC said in the Assembly—that the government is open to initiatives, proposals, and criticism.... This is the only normal way, there can be no serious debate under pressures of any kind. We in the Assembly would not be willing to conduct merely formal debates of the program. The Assembly is not an institution for formalities, nor a screen; it is the highest body of decisionmaking of the working people and citizens. That is what it should be on this occasion as well. There are no grounds for believing that a committed FEC would not like to see a committed Assembly. Nor would it be abnormal for the FEC to bind itself to a program like this, not to every detail, but to its

totality and essence. I have not gotten the idea that the government is seeking protection from criticism. It would not be a good thing for us to take a priori attitudes toward the FEC either.

DANAS: How in general do you look on the relations between the FEC and the Assembly? Some have thought that the government was dominant and that the Assembly figured too much only post festum, that it voted through the decisions, quite often on the basis of emergency procedure.

Rozic: When Comrade Vrandecic left the position and I took his place, each of us arrived in his own way at the same position—that the Assembly of Yugoslavia must truly operate in the delegate spirit. Conditions for work of the delegates, however, are very limited, they are so cramped that sometimes the technical possibility does not even exist for delegate decisionmaking to be fully implemented. We in the Assembly are always bothered when something has to be enacted by emergency procedure, by the exceptional procedure. We are particularly bothered when this happens again and again. It is not just a question of the procedure, the Assembly does not desire to be a slave to procedure; it is a question of whether we in the Assembly are to build Yugoslav policy or not. There should be understanding for the difficulties of the FEC, but there should also be equal understanding for the responsibility of the Assembly in the system of delegate decisionmaking. The Assembly should call upon others to respect its constitutional status and powers, but it itself must fully respect this; it has an understanding for the situation in society, but it cannot depart from procedure, since the quality of decisions depends on procedure.

DANAS: As the president of the Assembly you are obligated by the positions of the Assembly. At this point they have not yet been formulated. As one of the delegates, what do you think about the anti-inflation program?

Rozic: This entire interview, these are my opinions. The Assembly has yet to have its say, its positions and decisions obligate me, me above all others. I might say that what I will personally advocate comes down to the idea that the program is valid or not valid insofar as it affirms economic laws, economic motivation, self-management, insofar as it strengthens the economic functions of associated labor rather than government regulation. We need the kind of program that will unify the country, but on foundations of economic interests, not by political decisions, but through mobilization of the people. We dare no longer enter into decisions which have already proven unsuccessful. The program should reduce inflation by the force of economy, development, productivity, technology, and social security....

DANAS: The public will entirely agree with you when you demand that programs condemned to failure not be repeated. How are such programs to be avoided? How do you prevent new failures?

Rozic: The dangers exist. A new failure would be worse than all those up to now. For me, the danger lies in the anti-inflation program being passively accepted, while people would go on as before "creating" income by raising prices rather than by raising productivity and conducting economic activity at a higher level of quality. It would be bad and also dangerous if the program should be looked upon one-sidedly only from the negative or only from the apologetic standpoint. We cannot reject the program without saying what we are giving in exchange. It would be dangerous to adopt a bad program. Nor would it be a good thing to delay and to have no program at all.

DANAS: Is there anyone in Yugoslavia favored by the present situation?

Rozic: If everyone examined his position objectively, it is in no one's interest for us to go on marking time or to go backward. Neither the advanced nor the underdeveloped republic, nor the work organization which must undertake restructuring, nor the one which is at the technological apex of exports, nor the housewife, nor the pensioner, nor the worker, nor the intellectual. We need to bring together and link up that individual desire for change, and that means that we have to have a quality program for the unity of the country and people's unity. The pledge of allegiance to stabilization, that is rhetoric, what we need is real stabilization behavior. Petty calculations—what we are losing today, what we are gaining—do not mean anything. In this situation we are all losing, some more today, someone more tomorrow.

DANAS: Nevertheless, the first reactions of the republics and provinces to the program show rather real debates and definite differences. Can those differences be blocked by enactment of a quality program for emerging from the crisis?

Rozic: Those differences do not disturb me, at least not in this phase. I think it is good that they have come out immediately at the beginning. It would worry me if we could not get out of the situation of differing views, if we could not arrive at a synthesis. That would be dangerous. In spite of the criticism, I am consoled by the fact that no one has rejected the program as a whole, that no one has taken a negativistic stance. That is, we can talk, we can continue the effort. And that for me is a good basis for us arriving in the end at decisions which ultimately will change the situation in society. The fact that no one is denying the need for an anti-inflation program is a sign of maturity of Yugoslav determination at this moment.

DANAS: In a meeting of the Constitutional Commission a few days ago, Comrade Rozic, you as its chairman rounded out the work on the proposal of amendments to the Constitution and sent the proposal of amendments to the delegates. Were there any points of contention still at issue here?

Rozic: Yes, we completed the work on the proposed amendments. The point of departure is clear and well-known—the initiative of the SFRY State Presidency. The Constitutional Commission and its coordinating group, which I have also been chairing since the resignation of Hamdija Pozderac, has taken maximum advantage of every opportunity opened up by that initiative.

As is well-known, the commission adopted the draft version of the amendments on 18 and 19 August, but it assumed the obligation at that point to examine this proposal once again since there remained certain issues related to the banks, to relations in SR Serbia, and also that it would examine amendments reaching the commission in the meantime. We were right in our assessment—we received 23 new amendments. We thoroughly examined them all, some of them we adopted, some we issued in the form of alternatives. The delegates will be specifically informed about the other objections which were not adopted; they will be used in the further course of the debate.

DANAS: Which of the subsequent amendments do you consider particularly important?

Rozic: Every one is important in its way. And that is the position that we will also take in the future toward all initiatives. I might mention in particular one new amendment which has to do with a previous amendment which called for the Federation to have jurisdiction in the field of education. Now this second amendment offers an alternative, which is that that first amendment be deleted. That is, warnings were expressed to the effect that that first amendment would take us back to the core curricula, and so alternatives are being proposed—let the delegates and the public take a position. An open issue remained of how we would regulate the position of the National Bank, we did not want to act hastily under the impact of Agrokomerc.

DANAS: How have relations been regulated in SR Serbia?

Rozic: There were six or seven amendments. The only thing that remained was to regulate how mutual collaboration would be realized between SR Serbia and the provinces. In addition to the present solution, the Constitutional Commission is proposing an alternative, so we shall see. Aside from that, there will be a separate examination of the question of jurisdiction of the constitutional courts of the republic and the provinces. In any case, with respect to the essential issues in regulating relations in SR Serbia the essential thing is the kind of amendments that will be made in the republic constitution, and work is being done on this in the republic and provinces.

DANAS: How have the provinces been defined? As an integral part of SR Serbia and a constituent element of the Federation?

Rozic: Yes, since that kind of definition is one of the principles of the Constitution and we will not change them. That is the agreement.

DANAS: Representatives of SR Serbia and of the provinces also took part in the formulation of those amendments. Did you operate on the principle of consensus?

Rozic: The method of operation of the Constitutional Commission and coordinating group, which I have chaired since the departure of Hamdija Pozderac, has not been that of outvoting, but of agreement after critical confrontation of arguments and differing views. There were no pressures, we truly worked in a democratic spirit of tolerance and avoided confrontations that might burden our effort in the future. I would particularly like to say that we dare not underestimate the economic sphere of the changes, and I have the impression that it so far has been underestimated: those changes are the most important ones. I think we are essentially talking about overcoming statism and strengthening economic laws, about a real strengthening of the self-management of the workers. It is from this angle that we should also look at the changes in the political system and the functioning of the Federation. We exhaust ourselves excessively in mathematics as to whether the Federation is losing or the republics are losing, and the essence is that these proposed amendments signify a loss for statism and a gain for self-management, a loss for the bureaucrat and a gain for the worker.

DANAS: Your term of office expires in 6 or 7 months, and the constitutional amendments will not be ready. Isn't your example proof that the 1-year term of office should be changed?

Rozic: You are completely right. The 1-year term of office for the president of the Assembly and other officials in the Assembly detracts from the quality of their effort. I can openly say this, since I am no politicking for my present term of office to be extended. I hope that the president in the new convocation will have a 4-year term, as has been proposed, and that he will also have broader opportunities to affirm the Assembly more than we who have only been passing through.

DANAS: You have worked in the Socialist Alliance, in the trade unions, and you have been the mayor of Ljubljana....

Rozic: Yes, I have worked in various places, but I felt best when I could work on concrete things, when I saw that my work had results. That was most true in Ljubljana. Issues that revolve only around principle bother me.

DANAS: Now you are a Yugoslav leader. To what extent are you affected by the fact that you have your republic constituency?

Rozic: I am a delegate of Slovenia, I cannot, even if I wanted, be silent about the proposals that come from my delegate constituency. But at present I am the president of the Assembly of Yugoslavia, my delegate constituency is Yugoslavia, I have to bear that in mind.

DANAS: When you spend a weekend in Ljubljana, do you ever hear criticism that you are not defending the positions of Slovenia?

Rozic: I have fewer and fewer weekends, I have plenty of work to do here. But I have been criticized, how could it be otherwise?

DANAS: Various delegations come to the Assembly seeking protection. How do you interpret their arrival?

Rozic: The doors of the Assembly of Yugoslavia must be open 24 hours a day. No one may be turned away. After all, people come because they have confidence in the Assembly, because they have encountered a bureaucratic attitude in their own community. The Assembly must be projected as a factor of legality and as a factor of protection against bureaucratic and all other tyranny. People are often aware that the Assembly cannot solve their problem directly, but they expect it to influence a change of the situation in their communities, and that is what we do.

DANAS: But such arrivals could also mean bypassing and discrediting of local bodies and institutions.

Rozic: There might also be cases of that. At times, someone might impose his interest so aggressively as to seek an arbiter in the highest bodies, but the Assembly of Yugoslavia is not an arbiter; it sends all the problems back where they originated, it merely insists that they be thoroughly and comprehensively examined and dealt with fairly and lawfully.

DANAS: While you were president of the Assembly in Ljubljana you had certain emotional obligations, to bid a farewell to Kardelj on behalf of the city. The last speaker on that occasion was Fadil Hoxha. Times have changed. What is your comment on that?

Rozic: I bade farewell to Kardelj, and I also bade farewell to Tito in the name of the people of Ljubljana. I also delivered the funeral speech for victims of the air crash on Korzica. I would rather not recall it. It was difficult. Times have been changing, it is true, people come and go. It is a good thing that our personnel selection has been up-to-date, that it has been as little retroactive as possible, that everyone has been accountable at the time when he made a mistake, not after the fact. That requires more courage and openness, more of a democratic atmosphere. Our revolution has been able to part ways with people, it probably has vacillated the most with respect to Kosovo.

DANAS: Do you think that the case of Fadil Hoxha, who now faces a fait accompli, is proof that action was not taken at the right time and in the right way?

Rozic: The League of Communists has been and is on the right course in its commitment concerning Kosovo, there has been vacillation, but there has also been direct resistance to pursuit of that course. I think that the Ninth Plenum of the LCY Central Committee emphasized and facilitated a more consistent realization of the platform concerning Kosovo. It is late, to be sure, but better to do it now than never. The essential thing is that everything concerning Kosovo, as indeed in the rest of the country, be done in a democratic way—publicly and backed up by arguments—and that the very complicated problems of Kosovo be resolved in a way that will bring the different nationalities and ethnic minorities together rather than separate them. In that sense the Assembly of Yugoslavia has assumed the obligation to prepare a Yugoslav program for Kosovo that will contribute to achieving more stable relations and more successful development of that province and thereby of the entire country. That is a job that lies directly ahead of us.

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Causes for Decline of Lead, Zinc Mines Explored
28000017b Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 26 Oct 87 pp 28-29

[Article by Dragan Nedeljkovic: "Mines Closed Down"]

[Text] A decision will be made by the end of this year on the fate of four lead and zinc mines: the "Mezica" Mine at the place of the same name in Slovenia, the "Vares" Mine in Bosnia-Herzegovina, and the "Suplja Stijena" and "Brskovo-Mojkovac" Mines in Montenegro. Reassessments of all four are under way mainly on the part of republic administrations and executive councils. The entire job would probably have been done without excitement or problems if the procedure of shutting down and liquidating the mines were the consequence of the natural process of depletion of the ore deposits or at least of their having become drastically poorer. But the mines threatened with liquidation got into an unenviable technical and economic situation more because of the specific features of our economic system, the divisions into republics and provinces, and the years of neglect of heavy mining production, because of the overall social attitude toward mining and miners than because of professionally verified findings to the effect that conditions do not exist for their future survival. A direct consequence of the possible closing of the four lead and zinc mines (leaving aside for the moment concern about the people who would lose their jobs, the influence on sociopolitical communities where the mines are located, the mothballing and sale of equipment, etc.) will be the shortage of ore and of concentrate for the smelteries and refineries that have been built or, better put, the need to import the quantities of raw materials that are lacking.

According to the first analyses of the Business Community of Producers and Processors of Lead, Zinc, and Antimony, next year there will be a shortage of almost 60,000 tons of lead concentrate and all of 166,000 tons of zinc concentrate, which represents half of the total needs of the smeltery and refinery. Over the next few years that shortage will probably increase considerably: one needs only look at the example of the zinc refinery at "Trepca," which is increasing its capacity from 30,000 to 80,000 tons a year, and the new plant is already gradually being brought up to capacity.

A Change of Conception

Although it was a deep-seated conception for decades that domestic capacity in metallurgy and processing of nonferrous metals should be scaled according to our own production of ore and concentrates, exactly the opposite has happened in practice. While the mines were by and large scraping along with production and lagging behind the medium-term and long-term plans, the refineries, smelteries, and especially fabricating capacities increased, regularly more than was envisaged in plans, agreements, and similar documents. That made the gap between domestic production of raw materials and the needs of processors larger and larger, and the needs for imports increased. Similar processes have brought many troubles in other branches of the economy, but there was never a warning that they should be avoided in nonferrous metallurgy.

To tell the truth, conceptions have undergone a change. At an earlier date the reliance on our own capacity to produce raw materials was apparently proclaimed to be a recurrence of the administrative view of the world and of the arrangement of relations. That is, if it is cheaper to import ore or concentrates from Peru, Korea, or any part of the world than to produce it at home, then it really is dogma to bring processing into balance with production on domestic soil. But this presupposes an altogether different ability, different level of organization, different technical and technological level and also economic conditions than the domestic manufacturing industry possesses as a whole. Is there a single processing plant that could import raw materials, even metals, process them, and export them and earn money doing it, conducting a successful transaction? Hardly. Not only because of falling behind the world in engineering and technology, because of the "specific nature" of the Yugoslav economic system and other accompanying troubles, but also because of radical changes in the world, the fluctuations of supply and demand for products of this kind and structural changes in industry and technology, and also because of the inability of the domestic economy to adapt to those things effectively.

Divisions, Divisions...

The uncertain fate of the four lead and zinc mines is also the result of inadvisable and economically incomprehensible divisions. Whatever the administrative system has

thought up in recent years (OUR's, vertical production entities, price policy), it has all led to divisions in the economy, sound economic entities have been chopped up and diced, and an opposition of interests has even been set up between, say, the mines and the smelteries, between the smelteries and the fabricators, between the fabricators and manufacturers of finished products, and so on. Divisions among the republics and provinces, which can be seen very vividly in the lead and zinc grouping, have nevertheless contributed the most to the divisions, to the exclusiveness, and to the conflict of interests.

Domestic executives in the economy have in fact tried to imitate the customary model of the organization of zinc and lead production and processing that is applied in the world. Around very large capacities of smelteries and refineries one gathers on the one hand the miners as the base and on the other the fabricators, finishers, and exporters. Thus the mines Lece, Blagodat, Rudnik in Gornji Milanovac and Suplja Stijena became members of the "Trepca" SOUR, the Brskovo Mine became a member of the "Zorka" SOUR from Sabac, the Zletovo-Sasa Mines and Smeltery in Titov Veles became a separate complex organization that also includes fabricators, the Vares Mine became a member of SOUR Energoinvest, etc. However, the ties in complex organizations are so loose that only the mines, metallurgical plants, and fabricating plants stayed in them that were from the same republic or province, and then mainly thanks to political influence, and they were severed by all insofar as the members were from two or more sociopolitical communities.

The processing of severing ties is not accidental by any means. Even when in terms of formality there was not a "divorce" within complex organizations of associated labor, as in the case of the Brskovo and Suplja Stijena Mines, all contacts between the mines and their parent organizations have ceased. The Suplja Stijena Mine is thus still a member of the "Trepca" SOUR (there has never been a referendum or any other act by which it has "seceded"), but neither has anyone in "Trepca" interested in what is happening in the mine, nor is the mine delivering concentrates to the smeltery and refinery, but rather for years neither has been informing the other about anything. The situation with the Brskovo Mine, which has been a part of the "Zorka" SOUR, is similar. And Rudnik in Gornji Milanovac, Lece, and Blagodat have left the "Trepca" SOUR.

Insofar as integration, business linkage, and reconciliation of interests do not come down only to mutual deliveries of ore, concentrate, and metal, to constant conflicts over quantities, prices, deadlines, and delivery conditions, then in these domestic divisions there simply are no conditions for integration on a broader scale. Experience shows that the parent organization is unable to keep up with and take part in equipping, exploration, developing, expanding, or modernizing the mine if the mine is located in another sociopolitical community. Put

better, the sociopolitical system prevents "Trepca," for example, from investing in Suplja Stijena, Lece, or Blagodat, since this would mean that an underdeveloped province, which is receiving aid for its development, would be investing in some territory that is "someone else's." Since that became the basic rule, and here the most essential thing is not that the parent organization is located in an underdeveloped area, but that the capital cannot cross the border, ties between the mines and the smelters and refineries which were selling the raw materials have gradually been extinguished. Now the time has come to extinguish the mines.

Where To Find Bailout Money?

The four mines whose fate is being evaluated are located in three sociopolitical communities, and their future survival depends less on the conditions of mining geology, proven reserves of ore, or the content of metal, than on which republic they "belong to," and on the conceptions and economic power of the executive council which decides their fate. Thus in Slovenia a decision has been made to fix a 10-year period before the final decision. During those 10 years there will be intensive explorations for ore, which have been neglected for years, while production in the mine will be maintained and gradually reduced until a determination is made that the ore reserves exist for the mine's future survival. A calculation was simply made that closing down the mine, mothballing the machinery and laying off the miners would cost more, especially if a possible discovery of adequate quantities of ore should lead to the mine being reopened, than maintaining production at a reduced volume. The funds for this would understandably be furnished by the executive council, that is, by a special law concerning the mine. The Vares Mine will receive somewhat similar treatment—the Executive Council of Bosnia-Herzegovina has decided to make up the losses and help the mine to survive.

In Montenegro, where the financial capabilities of the executive council are obviously more modest, the decision has been made to invoke bankruptcy and liquidation proceedings for the mine Suplja Stijena, while at the Brskovo Mine these proceedings would apply to the open-pit operation, and bailout money would be sought

for the underground mine. The question is who is to put up that money? Is there anyone at all interested in maintaining production at these four mines? One would normally expect the smelters, refineries, fabricators, and users of nonferrous metals to be the ones bailing out the mine if these ore occurrences and deposits can be profitably operated on economic principles. However, no one seems to be interested in economy. The executive councils in Slovenia and Bosnia-Herzegovina which are bailing out the mines in their jurisdiction have not given even a thought to seeking interested organizations from other sociopolitical communities, and the Montenegrins will be forced to seek bailout money for the Brskovo underground mine within their own jurisdiction. It remains to be seen whether anyone will be found.

The uncertain destiny of the four lead and zinc mines should by no means be perceived as a nostalgic tale about a loss of former glory (Yugoslavia was the largest lead and zinc producer in Europe, and it had the largest and richest mines) and a reputation in the production of ores and metals. There is a natural process of depletion and exhaustion of ore deposits, it is natural for mines to close down when they can no longer operate economically. If the assurance cultivated for decades that Yugoslav producers of nonferrous metals have comparative advantages has been reduced to the small earnings of the miners and cheap manpower in general, then probably it would be worth closing down more than the four mines. The problem is that the situation in those four, just as in the other lead and zinc mines, is not the fruit of exhaustion of ore reserves (analyses show that the size of reserves, the content of metal in them, the mining conditions, and other elements of production are not the reason for the losses), the closing down of the mines could cost much more. If for no other reason because of the need in coming years to import half of the lead and zinc concentrates for the operation of the smelters and refineries. There probably is no better way of reassessing them and closing them down, but the way out of the crisis does not lie in liquidating all organizations, but only those which are not capable of surviving on the market, or still better in creating new ones when the preconditions exist.

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YUGOSLAVIA

Mission, Training of Special Police Units 28000024 Zagreb VJESNIK in Serbo-Croatian 1 Nov 87 p 5

[Article by Djordje Licina: "Special' From Head to Foot"]

[Text] The recent departure of a special detachment of SSUP [Federal Secretariat for Internal Affairs] police for Kosovo occurred after the SFRY Presidency determined that the political and security situation in that province had deteriorated.

Because of the escalation of organized hostile activity based on positions of Albanian nationalism and separatism, as well as the increased activity of Serbian and Montenegrin nationalists, there was—and still is—a danger of a serious threat to security in that part of the country, and it was therefore necessary to send the special detachment.

The departure of the "special forces" for Kosovo was not the first one, nor was it sudden or unexpected, because they had already visited that province, when we were previously faced with similar political and security conditions. The first time, let us recall, was back in 1981, at the peak of counterrevolutionary demonstrations and riots in a dozen Kosovo cities. After the outbreak of the demonstrations, a special SSUP police unit waited for days in constant readiness, and was transferred from Belgrade to Kosovo for the first time early in the morning on 12 March 1981. It stayed there less than 24 hours, however, because it was brought back by plane as early as the next night. This was because the provincial authorities felt that there was no need for the unit to stay in that area any longer.

Equipped and Supremely Trained

Since the situation in the province did not calm down, but instead became more and more critical from day today, on 26 March the "special forces" were again transferred from Belgrade to Pristina, and immediately went into action, together with the Kosovo police, to break up the demonstrations. Reinforcements arrived in Pristina the same day—another large and technically well equipped SSUP police unit, which became involved as soon as it arrived in the city in providing security for the ceremony of the transfer of the Youth Baton.

On that same day, in a conflict with the demonstrators, 11 policemen from the Kosovo internal affairs bodies were wounded, but not one from the special unit: in fact, at that time they were already supplied with complete protective equipment, part of which was then being used for the first time. After the Youth Baton left Pristina, some of the members of the special unit returned to Belgrade the same night, because it was felt that "there

were no conditions permitting a repetition of the demonstrations." The rest of the "special forces" were kept in the city, and remained in it even during the most violent demonstrations. That part of the special unit later became part of the Combined Militia Detachment, which was formed in accordance with a 2 June 1981 decision by the SFRY Presidency, and was immediately sent to the province. The "special forces" would thus be associated with Kosovo up until the present day, with long interruptions.

What are the special police units, really? How are they equipped and what is their task? How are they trained, and who are these fellows with all the characteristics of elite commandos? They were mostly formed during the 1970's (and even earlier in Croatia) for so-called rapid interventions, i.e., operations in complex and extraordinary circumstances. Their main task is to prevent a major disruption of public law and order and to oppose actively the organized actions of external and internal enemies. Here we are referring primarily to their training for the struggle against various forms of terrorism, but also for the performance of other special tasks. The special units are small in numbers, but they are specially equipped and armed, and superbly trained.

All Excellent Shots

The way they are dressed depends on the type of special mission: they have camouflage uniforms, helmets with visors and a leather strap under the chin, bullet-proof vests, and special boots on their feet. They are armed with pistols, revolvers, automatic rifles, sniper scopes for nocturnal reconnaissance and firing, and other appropriate equipment of domestic and foreign manufacture. In the event that they are intervening against demonstrators, the list of their equipment includes special shields, clubs, masks, etc., as well as smoke bombs, tear gas, and so forth.

The Federal SUP has a police brigade, and it is the only police unit at the federal level. The detachment currently in Kosovo is part of it. The brigade contains about 1,500 people, and it is capable of intervening at any moment at any trouble spot in the country. It contains all types of specialists, i.e., it is capable of settling even the most complicated situations—from an aircraft hijacking to, for instance, a major disruption of public law and order.

The specialities of the "special forces" are manifold: every single one is a mountain climber, and using the available mountain-climbing equipment, they are capable of climbing any vertical wall or the facade of any building, whether it is a single-story building or a 40-floor skyscraper. They also show extraordinary competence in speleological activity—they enter horizontal and vertical caves, openings, and small passages with equal ease, and they do this for real, without simulating conditions and sites. In fact, the "special forces" very frequently enter caves that even speleologists rarely go into, in order to maintain their knowledge and fitness.

Every single member of the special unit is an excellent shot, with any weapon. Naturally, the best ones also have special responsibilities—sniper fire at moving and unmoving targets. They can often be found engaged in so-called selective shooting—at unmoving, transient, and mobile targets; shooting under nocturnal conditions; and finally, shooting from a vehicle or helicopter.

Freeing Hostages in Three Minutes

The most interesting of the “special forces” equipment is certainly the devices for nocturnal reconnaissance and sound detection, which permit the location of any moving or unmoving object in pitch darkness. There are also special vehicles of domestic production, which are among the most modern transports in the world. They can move at a speed of 100 kilometers per hour over all types of terrain; they have a so-called deep draught (which is essential in crossing water obstacles), and they also have protective steel bulwarks, i.e., an enclosure, which protects them from explosive and other devices. The transport can even move when its tires are punctured. The equipment that the “special forces” used for special missions also includes a highly mobile robot vehicle that can be used to disassemble and transport time mines, bombs, and other types of explosives that can become very dangerous weapons in the hands of terrorists.

How does one become a member of the “special forces,” and what are the “special forces” really like? In a SSUP police special unit that was formed 11 years ago, the average age is 25 years, and the tour of duty is three and

a half years. The youngest member is only 20 years old. They are recruited on a voluntary basis, and they are all psychologically and physically healthy individuals who are capable of carrying out the most complex tasks of the internal affairs service, in all weather conditions and surroundings. Their physical fitness and psychological stability are tested every year during thorough medical examinations.

Each member of the “special forces” is subjected every day to extraordinary physical efforts. Their physical condition must therefore be extraordinary as well. This is achieved through special exercises in enclosed and open areas throughout the entire year. For example, every day the members of the Unit for Special Missions of the Croatian RSUP [Republic Secretariat for Internal Affairs] run between 8 and 10 kilometers, and then practice combat skills for about 2 hours; each week they will march about 40 kilometers carrying full gear, which weighs about 20 kilograms. There are, of course, other exercises through which the “special forces” maintain their everyday fitness.

Perhaps the speed and effectiveness of their actions can be best demonstrated by a fact concerning the exercise “freeing hostages from enclosed areas with the aid of a helicopter.” On this year’s Security Service Day, 13 May, the SSUP “special forces” in Batajnica performed the exercise in front of numerous guests and journalists. The operation lasted less than three minutes, and in so doing the members of the special unit demonstrated a high level of training and superb knowledge.

9909

HUNGARY

New Joint Enterprise With Soviets Formed

25000046b Budapest *MAGYAR HIRLAP* in Hungarian
26 Nov 87 p 5

[Article: "New Hungarian-Soviet Joint Enterprise"]

[Text] On Wednesday, in Budapest a founding charter was signed, marking the formation of a new Hungarian-Soviet joint venture.

The Energitechno LTD joint enterprise is a collective venture between a group of 9 Hungarian institutions, including the Lenin Metallurgical Works, the Central Mining Development Institute, The Institute of Energy Economy, the Hydrocarbon Research Institute, the Iron Industry Research and Development Enterprise, the Industrial Development Bank LTD, the Electric Energy Industry Research Institute and Industrialexport, and IVIAN, one of the most important research and development institutions of the Academy of Sciences of the Soviet Union. Also invited to play a role in the organization of the joint enterprise and the subsequent management of its foreign trade activities was the Intercooperation Trade Development Corporation.

The new enterprise will provide engineering and technical services, and its tasks will include the marketing and introduction to industry of the intellectual products (i.e., inventions, innovations and new procedures) of its founding institutions and enterprises. In addition, it will take an active part in the development of new technologies and products and the exploration of new markets. In other words, its primary purpose will be not to be involved in production, but to enhance production by more fully exploiting the capacities available in the 2 countries, and by making practical use of state-of-the-art technologies. The founding capital of Energitechno LTD is projected to exceed 25 million forints, with 51 percent of the shares held by the Hungarian enterprises and 49 percent by the Soviet partner.

9379

'Holding Back of Industrial Output' Called Dangerous

25000038b Budapest *MAGYAR NEMZET* in Hungarian
22 Oct 87 p 3

[Report on the 21 October meetings of Parliamentary committees: "It Is Dangerous To Hold Back Industry Output"]

[Text] Yesterday's Industrial Committee meeting demonstrated that compared to the lively debates during the Fall Session of Parliament, and to debates that preceded the Session, the inclination of legislators to argue has diminished substantially. At yesterday's meeting the Committee heard Ministry of Industry reports on industry tasks related to the acceleration of technological

development, and on efforts to increase the productivity of scientific research—and that says it all. This is so, even though there were items that could have been debated and the meeting's topic is wrought with serious problems: will there be, can there be technological development next year and thereafter, when the so far hardly successful industrial development program will have to be pursued under fundamentally changed financial circumstances.

The Ministry of Industry revealed that during the previous 5-year plan the national and ministerial development programs produced change only in a few areas. Also on an international scale, only a few developmental accomplishments may be viewed as original. Selling these results for application elsewhere appears to be difficult. We are now paying for our previously constrained import policies. Limited foreign exchange allocations for capital investments retarded the application of modern technology. The technological gap between Hungary and developed nations widened, and Hungary's technical and technological backwardness has increased.

All this could have sparked sharp committee debate about, for instance, what we are going to do in the future. Instead of debate, however, one could hear only the repetition of earlier commonplace statements. For instance: hardly anyone was surprised to hear that the real purchasing power of moneys earmarked for research and development must be maintained, that there are only a very few truly new products manufactured in Hungary, that the quality of professional training must be increased, or that there is no improvement in making use of enterprise innovations.

It would be a mistake, however, to only condemn the legislators for the lack of debate. In these days it is not easy to find answers to the "how we should go about development, come January" question. It is difficult, because no one can predict the rules of the game by which economic management will play, the degree of success they will enjoy, and the amount of money that can be spent on research and development. In other words: the future is hazy.

Information exchanges, readings and clarifications of detail alternated at the meeting. Representatives Miklos Biro (Szabolcs County), Mrs Jozsef Dobos (Heves County), Mrs Lajos Bozso (Budapest), Gusztav Lekai (Hajdu-Bihar County), Ferenc Laszlo (Fejer County), and Jozsef Tollar (Zala County) spoke, and so did Committee Secretary Jozsef Dudla, National Planning Office [OTH] Deputy Chairman Imre Horsanyi, National Technical Development Committee [OMFB] Deputy Chairman Frigyes Geleji, and National Federation of Artisan Cooperatives [OKISZ] President Lajos Koveskuti. Minister of Industry Laszlo Kapolyi commented on the legislators' remarks and promised to consult with the Committee in November concerning 1987 industrial accomplishments, and the outlook for 1988. The Minister's remarks also served to increase concerns among

representatives. He stated that beginning in the fourth quarter, industry appears to be holding back on production. Presumably, the phenomenon is a result of tactical considerations so that enterprises can show an even greater increase in production in early 1988. The Minister deemed these tactical considerations as dangerous, because they may produce an unfavorable starting position for next year's economy—one that will make it impossible to fulfill the 1988 expectations. Concluding the meeting, Representative Mrs Attila Toth (Budapest) recommended that the Industrial Committee place on its next meeting agenda a discussion on how to utilize the latest, significantly large amount of credit obtained, as well as the anticipated effects of next year's new taxes.

On Wednesday, the Agriculture Committee of the National Assembly, chaired by Laszlo Cselotei traveled to the Danube Bend and held a meeting in Dunakiliti. The Committee heard a report concerning water resource management tasks, and about the status of the Bos-Nagymaros dam construction.

State Secretary and National Bureau of Water Conservation [OVH] Chairman Antal Kovacs told the Committee that two main goals were defined for the Seventh 5-year Plan, those being the development of drinking water supply and the protection of surface and ground-water resources. Kovacs stressed the fact that as of today 700 settlements did not have a healthy drinking water supply. During the current plan period the OVH intends to develop a cooperative effort for the provision of drinking water to 450 of these municipalities.

Following the introduction of the value-added tax, development resources shrunk by about 20 percent. Nevertheless, in order to maintain popular interest in the initiatives, part of the expenses will be refunded to municipalities participating in cooperative arrangements. Beginning early next year, water use fees will better reflect the developmental costs involved. Regarding the status of the Bos-Nagymaros dam, the State Secretary emphasized that corresponding to the envisioned multiple use of the project, the natural hydraulic power produced by the Danube will be utilized along the river's Pozsony to Nagymaros section. The average energy output of the two power plants will be 3.6 billion kilowatts. Hungary has been allotted 50 percent, or roughly 1.8 billion kilowatts of the electrical energy produced.

Modernization of public roads in the Danube Bend area, including construction of a bridge between Nagymaros and Visegrad, and the expansion of Esztergom's drainage system, are part of construction projects designed to expand the infrastructure. These projects are integral parts of other developmental projects in the affected areas. By now it has become obvious that the dam project can be completed without inflicting serious environmental damage, and without endangering nearby settlements.

The OVH Chairman stated that the 18.5 billion forint Nagymaros project is being constructed by an Austrian firm, and is to be paid for in the form of electrical energy beginning in 1996.

Following the OVH Chairman's remarks, Representatives Erno Schmidt (Vas County), Ferenc Dobi (Pest County), Jozsef Solymosi (Tolna County), Mihaly Hanko (Bekes County), Sandor Dauda (Budapest), Laszlo Cselotei (Pest County), and Tamas Nemes (Komarom County) posed questions. Representative Jozsef Brezniczky (Baranya County) suggested that dissemination of public information concerning the project be broadly based, and that it provide detail.

The Committee inspected the construction of the Dunakiliti barrage and reservoir, then traveled by boat to Gonyu to familiarize itself with the by-pass canal related to the dam, presently under construction.

According to a National Assembly press release, consistent with a resolution passed by Parliament during its Fall 1987 Session, a new committee was established. Its task will be to control all aspects of the implementation of laws pertaining to the value-added tax and the personal income tax. The new committee's membership will be drawn from various permanent committees. Rezso Nyers was appointed chairman, Representative Sandor Puskas was named secretary to the new committee. Beyond the task of hearing reports, the ad hoc committee will conduct investigations, and will comment on, and make recommendations in response to progress reports, and regarding the economic and social practicality of the new system's enforcement.

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